oOh!media

Preliminary Final Report 2008

oOh!media Group Limited
ACN 091 780 924
ASX Code: OOH

Contents

Summary of Revenue and Results

	December 2008 $'000	December 2007 $'000
Revenue	**77,867**	56,643
Profit before interest, tax, depreciation and amortisation	**11,360**	7,579
Profit before tax for the period	**5,045**	3,093
Income tax (charge) from continuing operations	**(1,615)**	(1,192)
Profit for the period before non-recurring tax charge	**3,430**	1,901
Non-recurring tax charge	-	(1,505)
Profit for the period	**3,430**	396

Segment notes
The company operates in the media industry and has operations only in Australia.

Matters subsequent to the end of the year
As at 27 February 2009 there were no matters to report subsequent to the end of the year.

Results for annoucement to the market

The current period is the year ended 31 December 2008.

The previous corresponding period is the year ended 31 December 2007.

Results

Revenue from ordinary activities was up by $21.2 million (being 37%) to $77.9 million.

Earnings before borrowing costs, tax, depreciation and amortisation was up by $3.8 million (being 50%) to $11.4 million.

Profit from ordinary activities after tax attributable to the members and Net Profit attributable to members was up by $3.0 million (being 766%) to $3.4 million.

Dividend distributions

It is proposed not to pay a dividend. No dividend was paid during the year and no dividend was paid in the last corresponding period.

Net Tangible Assets per security

Current period	(9.8) cents
Previous corresponding period	0.8 cents

Net Assets per security

Current period	16.8 cents
Previous corresponding period	15.8 cents

Entities/assets over which the company gained control

The company gained control over the following outdoor advertising assets and entities during the year:

Name of Entity	Date control gained
Sports & Outdoor Media Pty Limited	1 September 2008

Entities over which the company lost control

The company did not lose control over any entities during the year.

The company does not have any material interests in associated companies or joint ventures.

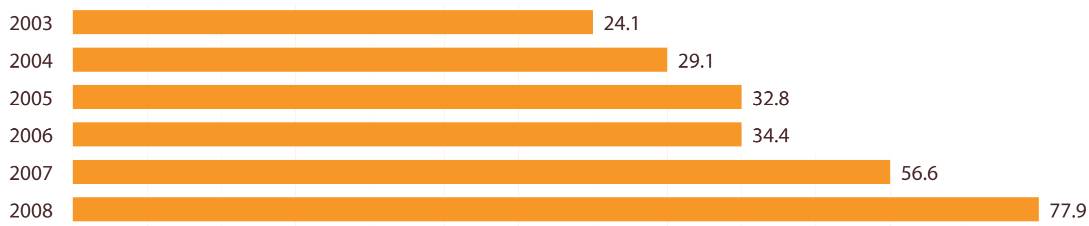
The financial statements are in the process of being audited and are attached to the document.

Highlights / Key Events of 2008

Highlights

- Revenue was up by 36% over the corresponding period in 2007.
- EBITDA was up 50% over the corresponding period in 2007.
- The group delivered a $3.0 million net profit improvement over 2007.
- Second half EBITDA amounted to $9.7 million on revenue of $46.5 million.
- oOh!media was awarded the AdNews "Media Owner of the Year" award for the media owner that has done the most to shift perceptions in 2008.

Underlying Media Revenue ($M)



Key Events

• On 24 April 2008 the Company announced that it intended changing its name to oOh!media – and was set to lead the way in delivering more creative and intelligent out-of-home solutions to help advertisers better engage with consumers through a new company structure, greater investment in innovations and improved reporting mechanisms for advertisers.

CEO Brendon Cook said "Our new approach is about us becoming Australia's most dynamic, progressive and creative player in the out-of-home industry. We are now able to offer advertisers solutions using out-there thinking across our six newly branded product areas – oOhroad!, oOhretail!, oOhmobile!, oOhregional!, oOhfactor!, oOhproduce!. In each of these product areas we will continually bring creative and intelligent solutions to the market to take the power of out-of-home advertising to the next level."

Following the passing of a special resolution of shareholders of the Company on 30 May 2008, the Australian Securities and Investments Commission issued a Certificate of Registration on Change of Name of the Company to oOh!media Group Limited. The Australian Securities Exchange company code changed to OOH on 12 June 2008.

• On 23 July 2008 the Company announced that it was set to strengthen its leading position in Australia's fast growing regional out-of-home market, following its agreement to acquire Sports & Outdoor Media Pty Limited.

Sports & Outdoor Media is the largest regional outdoor advertising company in Australia, with more than 1,200 premium sites on major highways, railway lines and arterial roads throughout New South Wales including the major regional centres of Newcastle, Wollongong and the Northern Rivers.

Chief Executive Officer of oOh!media, Brendon Cook, said the acquisition, the company's 14th in four years, would enable the company to leverage the regional out-of-home market, which had experienced strong growth over the past two years. "We have seen a significant move by national advertisers to target regional Australia in recent years due to the changes in demographics."

Under the acquisition agreement the company will acquire the whole of the issued share capital of Sports & Outdoor Media Pty Limited in two stages. The first stage saw oOh!media acquire 65 per cent of the issued capital of Sports & Outdoor Media Pty Limited on 1 September 2008 followed by the remaining 35 per cent to be completed on 31 December 2009.

• On 4 August 2008 the Company announced that it had entered into a $3 million partnership with one of Australia's leading environmental groups, Landcare Australia, to help it communicate its environmental initiatives to the community. The package of environmental initiatives being introduced by oOh! includes the Landcare Australia partnership, Light Emitting Diode Flood Lighting trials for billboards and ShopaLites, the introduction of Green power on all sites and the development of new biodegradable and recyclable printing materials.

Discussion and Analysis

Results commentary

2008 marked a number of significant milestones in the history of oOh!media Group Limited, including:

- the acquisition of the 14th outdoor media company;

- the delivery of new roadside and retail inventory;

- cementing market share in the Australian out of home media market including market leadership in three Australian States and the Regional Australia market; and

- rebranding to oOh!media, reflecting the new approach to become Australia's most dynamic, progressive and creative out-of-home media company.

These achievements have built upon the acquisitions and organic growth strategy that the oOh!media Board and management embarked upon five years ago.

For the year ended 31 December 2008, oOh!media generated record sales revenues of $75.5 million, EBITDA of $11.4 million and profit before tax of $5.0 million. It also delivered a Net Profit of $3.4 million - an increase of nearly $3 million on the previous year.

oOh!'s performance in 2008 resulted in the Company delivering its sixth consecutive year of revenue growth.

Importantly, there has been a trend of revenues for each half exceeding the same period for the previous year.

The Company's growth is particularly significant when compared to the $453.8 million out-of-home media sector which increased 3.9 per cent by the end of 2008 compared to 2007.

oOh!media outstripped the outdoor media industry growth by almost six to one.

Without taking into account the additional revenues from recent acquisitions such as Sports & Outdoor Media, growth was 23 per cent for the same period.

This has been achieved through solid performance by all of oOh!'s media offerings, including Metropolitan Roadside, Regional Roadside, National Retail and its experiential media initiatives including oOhfactor!.

More importantly, the Company is now of a size where the Board and management are confident that the company's earnings are sustainable.

Strategy Overview

Strategic Acquisitions
Over the past five years, oOh! has made 14 significant acquisitions, including the acquisitions of Media Puzzle and Sports & Outdoor's assets in Victoria and New South Wales.

The Company now has market leadership in its core products it markets in Victoria, Queensland and South Australia, as well as market leadership Australia-wide in Regional out of home and retail FMCG Shopping Centre media.

Organic Growth
oOh! has substantially completed our organic development plan which has included the delivery of more than 100 additional Large Format locations and 289 shopping centres Australia wide. This has resulted in strong organic growth of its Metropolitan Roadside, Regional Roadside and National Retail offerings.

All products have been successfully integrated into the Group's Sales & Marketing structure, as indicated by oOh! being awarded the AdNews Media Owner of the Year Award for 2008.

Representation
Representation continues to be an important part of the company's strategy, given its profitability and the strategic advantages it delivers, such as the ability to deliver comprehensive national campaigns for national advertisers.

Staff
One area oOh! is extremely proud of is staff retention and development. The team is committed to ensuring the company continues to build on its growth, market share and client respect.

Future outlook

The Board and management of oOh!media Group Limited believe the company is well placed to sustain its position throughout the coming year.

The company's positive operating cash flow of $7.5 million for 2008 puts it in a sound position heading into 2009, with further revenue growth expected.

oOh! also expects to increase revenues and market share into the foreseeable future from its improved out of home media offering, and maintain a strong representation business.

Last year the company stated that "the business is structured for sustainable performance within changing economic conditions", and this remains the case into 2009.

Income Statements

for the year ended 31 December 2008

		Consolidated		Parent entity	
	Notes	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Revenue from continuing operations	3	**75,542**	55,710	-	-
Other income	3	**2,325**	933	**425**	9
Costs of media sites and production		**(47,539)**	(35,088)	-	-
Employee and Directors costs		**(11,601)**	(8,279)	**(285)**	(251)
Insurance		**(88)**	(101)	**(33)**	(24)
Property related costs		**(710)**	(642)	-	-
Depreciation and amortisation	4	**(3,558)**	(2,029)	-	(2)
Legal and professional fees		**(738)**	(412)	**(218)**	(135)
Borrowing costs	4	**(2,757)**	(2,457)	**(1,416)**	(1,361)
Share based payments expense	4	**(99)**	(519)	**(99)**	(519)
Loss on disposal of non-current assets		**(63)**	(499)	-	-
Impairment losses	4	**(695)**	(322)	-	(271)
Other expenses from ordinary activities		**(4,974)**	(3,202)	**(401)**	(1,006)
Profit/(loss) before income tax	4	**5,045**	3,093	**(2,027)**	(3,560)
Income tax charge	5	**(1,615)**	(2,697)	**(137)**	(2,687)
Profit/(loss) from continuing operations attributable to the members of oOh!media Group Limited		**3,430**	396	**(2,164)**	(6,247)
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company					
Basic earnings/(loss) per share	32	**0.9 cents**	0.2 cents		
Diluted earnings/(loss) per share	32	**0.9 cents**	0.2 cents		
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company					
Basic earnings/(loss) per share	32	**0.9 cents**	0.2 cents		
Diluted earnings/(loss) per share	32	**0.9 cents**	0.2 cents		

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets
as at 31 December 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Current Assets					
Cash and cash equivalents	7	**758**	540	-	-
Trade and other receivables	8	**17,227**	14,934	**2,784**	5,236
Inventories	9	**26**	212	-	-
Total Current Assets		**18,011**	15,686	**2,784**	5,236
Non-Current Assets					
Property, plant and equipment	10	**20,021**	16,016	-	-
Intangible assets	11	**98,663**	55,699	-	-
Other financial assets	12	**516**	390	**95,119**	50,577
Deferred tax assets	13	-	456	**111**	132
Total Non-Current Assets		**119,200**	72,561	**95,230**	50,709
Total Assets		**137,211**	88,247	**98,014**	55,945
Current Liabilities					
Trade and other payables	14	**11,697**	7,308	**2,651**	1,256
Borrowings	15	**10,879**	11,392	**3,508**	2,000
Provisions	16	**307**	345	-	-
Total Current Liabilities		**22,883**	19,045	**6,159**	3,256
Non-Current Liabilities					
Payables	17	**20,457**	63	**20,457**	-
Borrowings	18	**30,097**	10,076	**25,080**	4,279
Provisions	19	**568**	361	-	-
Deferred tax liabilities	20	**1,002**	-	-	-
Total Non-Current Liabilities		**52,124**	10,500	**45,537**	4,279
Total Liabilities		**75,007**	29,545	**51,696**	7,535
Net Assets		**62,204**	58,702	**46,318**	48,410
Equity					
Equity attributable to equity holders of the parent entity					
Contributed equity - share capital	21	**67,001**	66,930	**67,001**	66,930
Reserves		**1,226**	1,335	**1,226**	1,335
Accumulated losses		**(6,023)**	(9,563)	**(21,909)**	(19,855)
Total Equity		**62,204**	58,702	**46,318**	48,410

The above balance sheets should be read in conjunction with the accompanying notes.

Cash Flow Statements

for the year ended 31 December 2008

		Consolidated		Parent Entity	
	Notes	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Cash flows from operating activities					
Receipts from customers		**73,336**	54,189	**-**	-
Payments to employees and suppliers		**(63,088)**	(49,881)	**(994)**	(1,411)
Interest received		**28**	40	**-**	9
Borrowing costs		**(2,633)**	(1,506)	**(1,291)**	(410)
Income tax paid and received		**(161)**	(714)	**(406)**	-
Net cash inflow/(outflow) from operating activities	24	**7,482**	2,128	**(2,691)**	(1,812)
Cash flows from investing activities					
Payments for purchase of controlled entities and businesses, net of cash acquired	29	**(22,125)**	(8,124)	**(21,721)**	(7,082)
Payments for investments		**(126)**	(380)	**-**	-
Loans from controlled entities		**-**	-	**3,751**	150
Payments for plant and equipment		**(3,032)**	(1,312)	**-**	-
Payments for intangible assets		**(1,377)**	(2,743)	**-**	-
Proceeds from sale of available for sale financial assets		**25**	-	**25**	-
Net cash (outflow) from investing activities		**(26,635)**	(12,559)	**(17,945)**	(6,932)
Cash flows from financing activities					
Proceeds from issue of shares		**-**	(67)	**-**	(67)
Proceeds from borrowings		**24,422**	7,789	**21,878**	7,279
Repayment of borrowings		**(2,000)**	(3,918)	**(2,000)**	(1,000)
Repayment of finance leases		**(1,236)**	(525)	**-**	-
Net cash inflow from financing activities		**21,186**	3,279	**19,878**	6,212
Net increase/(decrease) in cash held		**2,033**	(7,152)	**(758)**	(2,532)
Cash and cash equivalents at the beginning of the financial year		**(7,623)**	(471)	**-**	2,532
Cash and cash equivalents at the end of the financial year	7	**(5,590)**	(7,623)	**(758)**	-

The above cash flow statements should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

for the year ended 31 December 2008

Consolidated
2008

	Contributed equity- Share capital $'000	Reserves- Option reserve $'000	Accumulated losses $'000	Total $'000
Total equity at 1 January	**66,930**	**1,335**	**(9,563)**	**58,702**
Profit for the year			3,430	3,430
Total recognised income and expense for the year attributable to the members of oOh!media Group Limited			**3,430**	**3,430**
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction cost	(27)	-	-	(27)
Share based payments expense - shares	98	-	-	98
Share based payments expense - options	-	1	-	1
Reversal of prior year share based payments expense in respect of lapsed options	-	(110)	110	-
Total of transactions with equity holders in their capacity as equity holders	**71**	**(109)**	**110**	**72**
Total equity at 31 December	**67,001**	**1,226**	**(6,023)**	**62,204**

Consolidated
2007

	Contributed equity- Share capital $'000	Reserves- Option reserve $'000	Accumulated losses $'000	Total $'000
Total equity at 1 January	**28,849**	**1,328**	**(9,959)**	**20,218**
Profit/(loss) for the year	-	-	396	396
Total recognised income and expense for the year attributable to the members of oOh!media Group Limited	**-**	**-**	**396**	**396**
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction cost	37,569	-	-	37,569
Share based payments expense - shares	512	-	-	512
Share based payments expense - options	-	7	-	7
Total of transactions with equity holders in their capacity as equity holders	**38,081**	**7**	**-**	**38,088**
Total equity at 31 December	**66,930**	**1,335**	**(9,563)**	**58,702**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of Change in Equity

for the year ended 31 December 2008

Parent entity
2008

	Contributed equity-Share capital $'000	Reserves-Option reserve $'000	Accumulated losses $'000	Total $'000
Total equity at 1 January	**66,930**	**1,335**	**(19,855)**	**48,410**
Profit/(loss) for the year	-	-	(2,164)	(2,164)
Total recognised income and expense for the year attributable to the members of oOh!media	**-**	**-**	**(2,164)**	**(2,164)**
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction cost	(27)	-	-	(27)
Share based payments expense - shares	98	-	-	98
Share based payments expense - options	-	1	-	1
Reversal of prior year share based payments expense in respect of lapsed options	-	(110)	110	-
Total of transactions with equity holders in their capacity as equity holders	**71**	**(109)**	**110**	**72**
Total equity at 31 December	**67,001**	**1,226**	**(21,909)**	**46,318**

Parent entity
2007

	Contributed equity-Share capital $'000	Reserves-Option reserve $'000	Accumulated losses $'000	Total $'000
Total equity at 1 January	**28,849**	**1,328**	**(13,608)**	**16,569**
Profit/(loss) for the year	-	-	(6,247)	(6,247)
Total recognised income and expense for the year attributable to the members of oOh!media	**-**	**-**	**(6,247)**	**(6,247)**
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction cost	37,569	-	-	37,569
Share based payments expense - shares	512	-	-	512
Share based payments expense - options	-	7	-	7
Total of transactions with equity holders in their capacity as equity holders	**38,081**	**7**	**-**	**38,088**
Total equity at 31 December	**66,930**	**1,335**	**(19,855)**	**48,410**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

31 December 2008

1. Summary of significant accounting policies

The Preliminary Final Report of oOh!media Group Limited and subsidiaries for the year ended 31 December 2008 do not include all notes of the type that would normally be included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance and financial position of the Group as the full financial report.

Basis of preparation

The Preliminary Final Report has been prepared on an accruals basis and is based on the historical cost convention.

Accounting policies have been consistently applied by the entities in the Group and are consistent with those applied in the 31 December 2007 Annual Report.

2. Segment information

Primary reporting - business segments

The consolidated entity is organised in one single business segment, that of placement and production of outdoor media throughout Australia.

Secondary reporting - geographical segments

The consolidated entity operated only in Australia in 2007 and 2008.

3. Revenue and other income

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Revenue from continuing operations				
Sales revenue				
Sale of media production and services	**75,542**	55,710	-	-
Other	-	-		-
	75,542	55,710	-	-
Other income				
Compensation for loss of non-current assets	-	893	-	-
Proceeds on sale of non-current assets	25	-	25	-
Management fees charged to subsidiaries	-	-	400	-
Discount on acquisition of Sports & Outdoor Media Pty Limited	2,272	-	-	-
Interest	28	40	-	9
	2,325	933	425	9
Total revenue and other income	77,867	56,643	425	9

Notes to the Financial Statements
31 December 2008

4. Items included in profit/(loss) before income tax

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Profit/(loss) before income tax includes the following specific expenses:				
Expenses:				
Depreciation of plant and equipment	**3,080**	1,763	**-**	2
Amortisation of intangible assets	**478**	266	**-**	-
Impairment of available for sale financial assets	**-**	271	**-**	271
Impairment of intangible assets	**695**	51	**-**	-
Loss on disposal of non-current assets	**63**	499	**-**	-
Rental expense relating to operating-shares:				
Minimum lease payments	**643**	573	**-**	-
Borrowing costs:				
Interest on bank facilities drawn	**2,647**	2,457	**1,306**	1,361
Present value adjustment in relation to the deferred consideration and the acquisition of Sports & Outdoor Media Pty Limited	**110**	-	**110**	-
	2,757	2,457	**1,416**	1,361
Share based payments expense-shares	**98**	512	**98**	512
Share based payments expense-options	**1**	7	**1**	7
	99	519	**99**	519

5. Income tax

(a) Income tax (charge)/credit				
Current tax (charge)/credit	**(199)**	(1,182)	**(116)**	(1,182)
Deferred tax (charge)/credit	**(1,416)**	(1,515)	**(21)**	(1,505)
Net income tax (charge)/credit	**(1,615)**	**(2,697)**	**(137)**	**(2,687)**
Income tax credit is attributable to:				
(Profit)/loss from continuing operations	**(1,615)**	(1,192)	**(137)**	(1,182)
Non-recurring tax charge due to reversal of prior year tax losses	**-**	(1,505)	**-**	(1,505)
	(1,615)	(2,697)	**(137)**	(2,687)
Deferred income tax (charge)/credit included in income tax charge credit comprises:				
(Decrease)/increase in deferred tax assets	**(414)**	(1,515)	**(21)**	(1,505)
(Increase)/decrease in deferred tax liabilities	**(1,002)**	-	**-**	-
	(1,416)	(1,515)	**(21)**	(1,505)

Notes to the Financial Statements

31 December 2008

(b) Reconciliation of income tax attributable to the financial year to the prima facie (charge)/credit due on the operating profit/(loss)

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Profit/(loss) from continuing operations before income tax	**5,045**	3,093	**(2,027)**	(3,560)
Income tax (charge)/credit calculated at 30% (2007: 30%)	**(1,514)**	(928)	**608**	1,068
Tax effect of amounts which are not deductable/(taxable) in calculating taxable income:				
Exempt income	**682**	-	**-**	-
Capitalisation of development costs	**(89)**	-	**-**	-
Employee benefits	**(51)**	(33)		-
Capital raising expenses	**48**	65	**48**	65
Finance leases	**202**	(47)	**-**	-
Accruals & sundry items	**(174)**	(239)	**(47)**	(151)
	(896)	(1,182)	**609**	982
Other adjustments:				
Over provision in prior period	**697**	-	**697**	-
Write back of deferred tax assets:				
- Reversal of prior year tax (losses)	**-**	(1,505)	**-**	(1,505)
- Other temporary differences	**(1,416)**	-	**(21)**	-
Other	**-**	(10)	**(1,422)**	(2,164)
	(719)	(1,515)	**(746)**	(3,669)
Income tax (charge)/credit	**(1,615)**	(2,697)	**(137)**	(2,687)

oOh!media Group Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as of 1 January 2003. The Australian Taxation Office has been notified of this decision. The entities have entered into a tax sharing agreement.

As a consequence, oOh!media Group Limited as the head entity in the tax consolidated group and the controlled entities in the tax consolidated group will continue to account for their own current and deferred tax amounts. In addition to its own current and deferred tax amounts, oOh!media Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

The financial effect of the implementation of the above has been recognised in the financial statements for the year ended 31 December 2008. In accordance with the Group's accounting policies, tax losses of approximately $nil (2007: $nil) have not been brought to account.

Notes to the Financial Statements
31 December 2008

6. Auditor's remuneration

	Consolidated		Parent entity	
	2008 $	2007 $	**2008 $**	2007 $
Remuneration of the auditor of the Company for:				
Audit or review of financial reports				
Current year - PKF	**114,013**	91,528	**114,013**	91,528
Prior year - PKF	**56,212**	13,568	**56,212**	13,568
	170,225	105,096	**170,225**	105,096
Other services	**42,700**	17,950	**42,700**	17,950
Other audit related work	**5,500**	2,800	**-**	2,800
	218,425	125,846	**212,925**	125,846

7. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Cash at bank and in hand	**758**	540	**-**	-
Reconciliation of cash				
Cash at the end of the financial year is reconciled to the related items in the balance sheets as follows:				
Balances as above	**758**	540	**-**	-
Bank facilities drawn (see note 15)	**(6,348)**	(8,163)	**(758)**	-
	(5,590)	(7,623)	**(758)**	2,532

Notes to the Financial Statements
31 December 2008

8. Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade receivables	**16,208**	13,399	-	-
Provision for bad and doubtful debts	**(39)**	(92)	-	-
Net trade receivables	**16,169**	13,307		-
Loans to controlled entities	-	-	**2,756**	5,223
Other debtors	**634**	1,127	-	-
Prepayments	**424**	500	**28**	13
	17,227	14,934	**2,784**	5,236

Trade receivables ageing

The ageing of trade receivables at 31 December 2008 is set out below:

	Consolidated			
	2008		2007	
	Gross $'000	**Provision $'000**	Gross $'000	Gross $'000
Not past due	**14,450**	-	11,633	-
Past due 0-30 days	**1,102**	-	751	-
Past due 31-60 days	**354**	-	318	-
Past due 61-90 days	**212**	**19**	27	-
Past due 90 days	**90**	**20**	670	(92)
	16,208	**39**	13,399	(92)

	Parent entity			
	2008		2007	
	Gross $'000	**Provision $'000**	Gross $'000	Gross $'000
Not past due	-	-	-	-
Past due 0-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Past due 90-120 days	-	-	-	-
	-	-	-	-

Notes to the Financial Statements
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Movement in provisions for bad and doubtful debts

	Consolidated		Parent entity	
	2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Carrying value at 1 January	**92**	34	-	-
Additional provisions made during the year	-	83	-	-
Amounts used during the year	**(53)**	(25)	-	-
Carrying value at 31 December	**39**	92	-	-

All credit risk associated with trade receivables has been provided for in the balance sheet. Provisions for bad and doubtful debts are made on the following bases:

- Individual ongoing assessments of each invoice and customer account, based on knowledge of the customer and their credit history; and
- A statistical method to determine the level of general provision, based on past levels of bad debts written off.

Details of the company's credit risks and risk management policies are set out in note 30.

The loans and other amounts due from controlled entities are working capital loans, are repayable at call and are interest free.

9. Current assets - Inventories

	Consolidated		Parent entity	
	2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Work in progress at cost	**26**	212	-	-

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10. Non-current assets - Property, plant and equipment

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Leasehold improvements at cost	**1,325**	1,218	**-**	-
Less: accumulated amortisation	**(482)**	(262)	**-**	-
	843	956	**-**	
Plant and equipment at cost	**17,496**	11,486	**14**	14
Less: accumulated depreciation	**(4,747)**	(2,268)	**(14)**	(14)
	12,749	9,218	**-**	-
Leased plant and equipment at cost	**7,612**	6,644	**-**	-
Less: accumulated amortisation	**(1,183)**	(802)	**-**	-
	6,429	5,842	**-**	-
Total carrying value at 31 December	**20,021**	16,016	**-**	-

Notes to the Financial Statements
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	Consolidated		Parent entity	
	2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Plant and equipment includes additions in the year of assets under construction, at cost	**504**	20	-	-

Assets under construction have not been depreciated during the year.

Movements in carrying amounts **2008**	**Leasehold improvements $'000**	**Plant and equipment $'000**	**Leased plant & equipment $'000**	**Total $'000**
Consolidated				
Carrying value at 1 January 2008	956	9,218	5,842	16,016
Additions	107	6,010	968	7,085
Depreciation and amortisation expense	(220)	(2,479)	(381)	(3,080)
Carrying value at 31 December 2008	843	12,749	6,429	20,021
Parent entity				
Carry in value at 1 January 2008	-	-	-	-
Additions	-	-	-	-
Depreciation and amortisation expense	-	-	-	-
Carrying value at 31 December 2008	-	-	-	-

2007	**Leasehold improvements $'000**	**Plant and equipment $'000**	**Leased plant & equipment $'000**	**Total $'000**
Consolidated				
Carrying value at 1 January 2008	453	4,711	2,739	7,903
Additions	655	5,464	3,785	9,904
Disposals - cost	-	(45)	-	(45)
Disposals - accumulated depreciation	-	17	-	17
Depreciation and amortisation expense	(152)	(929)	(682)	(1,763)
Carrying value at 31 December 2008	956	9,218	5,842	16,016
Parent entity				
Carrying value at 1 January 2008	-	2	-	2
Additions	-	-	-	-
Depreciation and amortisation expense	-	(2)	-	(2)
Carrying value at 31 December 2008	-	-	-	-

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11. Non-current assets - Intangible assets

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Goodwill at deemed cost	**11,002**	11,360	-	-
Licences	**88,205**	44,246	-	-
Less: accumulated amortisation	**(533)**	(111)	-	-
Less: impairment loss	**(451)**	(51)	-	-
	87,221	44,084	-	-
Computer software at cost	**789**	548	-	-
Less: accumulated amortisation	**(349)**	(293)	-	-
	440	255	-	-
Total carrying value at 31 December	**98,663**	55,699	-	-
Licences include those in a development stage, at cost	**590**	639	-	-

Licences in development have not been amortised during the year.

Movements in carrying amounts **2008**	**Goodwill $'000**	**Licences $'000**	**Computer Software $'000**	**Total $'000**
Consolidated				
Carrying value at 1 January 2008	11,360	44,084	255	55,699
Additions	-	43,959	241	44,200
Disposals	(63)	-	-	(63)
Amortisation expense	-	(422)	(56)	(478)
Impairment loss	(295)	(400)	-	(695)
Carrying value at 31 December 2008	11,002	87,221	440	98,663
2007				
Consolidated				
Carrying value at 1 January 2008	11,360	10,033	215	21,608
Additions	-	34,201	207	34,408
Amortisation expense	-	(99)	(167)	(266)
Impairment loss	-	(51)	-	(51)
Carrying value at 31 December 2008	11,360	44,084	255	55,699

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Intangible assets other than goodwill have finite or indefinite lives. The current amortisation expense in respect of intangible assets is included in depreciation and amortisation expense in the Income Statements.

Intangible assets having indefinite useful lives comprise outdoor media asset licences and contracts. The carrying amount of licences and contracts with indefinite useful lives at 31 December 2008 was $82,912,000 (2007: $42,943,000). Management have assessed the useful lives of these licences and contracts and have determined that the useful lives are indefinite. The factors that have played a significant role in these determinations include:

- The licences and contracts may be renewed at little or no cost;
- The licences and contracts may have been renewed in the past;
- The presence (or lack thereof) of any compelling challenge to the licence and contract renewals;
- The intention to renew the licences and contracts and the Company's ability to do so; and
- The probability of the licences and contracts contributing to the Company's net cash inflows indefinitely.

Impairment tests for goodwill and intangible assets with indefinite useful lives

(i) Cash generating units
Cash generating units comprise outdoor media asset licences and contracts. Goodwill acquired through business combinations, intangible licences and development costs have been allocated to these cash generating units.

(ii) Carrying amount of goodwill, licences and development costs allocated to each of the cash generating units
The carrying values of each cash generating unit is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. The group of cash generating units for goodwill, licences and development costs, comprising outdoor media licences and contracts, equates to the carrying values in the financial statements.

Notes to the Financial Statements
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12. Non-current assets - other financial assets

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Available for sale financial assets				
Unlisted equity securities at cost	**516**	661	-	271
Impairment of available for sale financial assets	-	(271)	-	(271)
Carrying value of available for sale financial assets	**516**	390	-	-
Other financial assets				
Shares in subsidiaries at cost (see note 28)	-	-	**95,119**	50,577
Total carrying value of other financial assets	**516**	390	**95,119**	50,577
Movements in carrying amounts				
At 1 January	**390**	278	**50,577**	11,273
Additions	**126**	383	**44,542**	39,304
Impairment loss	-	(271)	-	-
At 31 December	**516**	390	**95,119**	50,577

13. Deferred tax assets

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
The balance comprises temporary difference attributable to:				
Amounts recognised in profit or loss				
Employee benefits	**262**	212	-	-
Accruals & sundry items	**102**	113	**22**	1
Intangible assets	**(1,075)**	-	-	-
Finance leases	**(380)**	-	-	-
	(1,091)	325	**22**	1
Amounts recognised directly in equity				
Capital raising expenses	**89**	131	**89**	131
Set-off of deferred tax liabilities pursuant to set-off provisions (see note 20)	**1,002**	-	-	-
Net deferred tax assets	-	456	**111**	132
Movements				
At 1 January	**456**	1,864	**132**	1,660
(Charged)/credited to the income statements	**(1,416)**	(1,515)	**21**	(1,505)
Additions on acquisitions of controlled entities	-	130	-	-
(Debited)/credited to equity	**(42)**	(23)	**(42)**	(23)
Set-off of deferred tax liabilities pursuant to set-off provisions (see note 20)	**1,002**	-	-	-
At 31 December	-	456	**111**	132
Current deferred tax asset	-	-	-	-
Non-current deferred tax asset	-	456	**111**	132
	-	456	**111**	132

Notes to the Financial Statements

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14. Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade payables	**2,441**	1,697	**15**	-
Other payables	**8,056**	5,611	**1,436**	1,256
Consideration for the acquisition of the outdoor advertising assets of Sports & Outdoor Media Pty Limited	**1,200**	-	**1,200**	-
	11,697	7,308	**2,651**	1,256

Trade payables are unsecured and non interest-bearings.

15. Current liabilities - Borrowings

Bank facilities drawn	**6,348**	8,163	**758**	-
Lease liabilities (see note 26)	**1,781**	1,229	**-**	-
Commercial bill line	**2,750**	2,000	**2,750**	2,000
	10,879	11,392	**3,508**	2,000

Unrestricted access was available at 31 December 2008 to the following line of credit:

Total facilities				
Working capital facility / bank overdraft	**15,000**	10,000	**758**	-
Commercial bill line	**28,000**	8,000	**28,000**	6,400
Equipment finance revolving facility	**6,000**	5,000	**-**	-
	49,000	23,000	**28,758**	6,400
Used at 31 December 2008				
Working capital facility	**6,348**	8,163	**758**	-
Commercial bill line	**28,000**	8,000	**28,000**	-
Equipment finance revolving facility	**5,179**	4,643	**-**	-
	39,527	20,806	**28,758**	-

The working capital and the commercial bill facilities may be drawn at any time and are reviewed annually by the bank. The current interest rates on the facilities are 8.81% p.a. and 8.62% p.a. respectively. They are secured by a fixed and floating charge over all the assets of the Group. There are no material terms or conditions relating to the assets pledged as collateral.

Details of the Group's interest rate exposure are set out in note 22.

Notes to the Financial Statements
31 December 2008

16. Current liabilities - Provisions

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Employee entitlements (see note 27)	**307**	345	-	-
Movements in provisions				
Carrying value at 1 January	**345**	346	-	-
Additional provision recognised	**275**	310	-	-
Additional provision on acquisition of controlled entities	-	50	-	-
Unused amounts reversed during the period	**(47)**	(15)	-	-
Amounts used during the year in respect of employee entitlements paid	**(266)**	(346)	-	-
Carrying value at 31 December	**307**	345	-	-

17. Non-current liabilities - Payables

Consideration for the acquisition of the outdoor advertising assets of Sports & Outdoor Media Pty Limited	**20,457**	-	**20,457**	-
Other	-	63	-	-
	20,457	63	**20,457**	-

18. Non-current liabilities

Lease liabilities (see note 26)	**5,017**	4,197	-	-
Commercial bill line (see note 15)	**25,250**	6,000	**25,250**	4,400
Less: Costs of facilities	**(170)**	(121)	**(170)**	(121)
	30,097	10,076	**25,080**	4,279

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19. Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Employee entitlements (see note 27)	**568**	361	-	-
Movements in provisions				
Carrying value at 1 January	**361**	251	-	-
Additional provision recognised	**227**	104	-	-
Additional provision on acquisition of controlled entities	-	83	-	-
Unused amounts reversed during the period	**(5)**	(34)	-	-
Amounts used during the year in respect of employee entitlements paid	**(15)**	(43)	-	-
Carrying value at 31 December	**568**	361	-	-

20. Deferred tax liabilities

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Set-off of deferred tax assets pursuant to set-off provisions (see note 13)	**1,002**	-	-	-

21. Contributed equity

	2008	2007	**2008**	2007
	No. of securities		**$'000**	$'000
(a) Issued and paid up capital:				
Ordinary shares issued and fully paid	**370,977,155**	370,865,267	**67,001**	66,930
Options outstanding at 31 December	**22,005,000**	24,310,000		

Notes to the Financial Statements

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(b) Movements in ordinary share capital and options over ordinary shares:

Date	Details	Number of Shares	$'000	Number of Options
1 January 2007		149,263,996	28,849	29,765,000
2 February 2007	Shares issued in consideration for the acquisition of outdoor advertising assets	714,286	100	-
31 March 2007	Options lapsed	-	-	(500,000)
31 May 2007	Options lapsed	-	-	(2,455,000)
10 July 2007	Shares issued in consideration for the acquisition of Media Puzzle Pty Ltd	137,500,000	26,870	-
10 July 2007	Conversion of convertible notes	79,922,985	10,390	-
9 August 2007	Shares issued in consideration for consulting services provided	64,000	14	-
30 November 2007	Options lapsed	-	-	(2,500,000)
20 December 2007	Shares issued	2,200,000	363	-
20 December 2007	Shares issued in consideration for the acquisition of the outdoor advertising assets of Local Area Marketing Pty Ltd	1,200,000	300	-
31 December 2007	Share based payments expense	-	134*	-
31 December 2007	Cost of share issues	-	(67)	-
31 December 2007	Deferred tax debit recognised directly in equity	-	(23)	-
31 December 2007		**370,865,267**	**66,930**	**24,310,000**
31 May 2008	Options lapsed	-	-	(2,005,000)
1 August 2008	Shares issued in consideration for consulting services provided	111,888	15	-
30 September 2008	Options lapsed	-	-	(300,000)
31 December 2008	Share based payments expense	-	98*	-
31 December 2008	Deferred tax debit recognised directly in equity	-	(42)	-
31 December 2008		**370,977,155**	**67,001**	**22,005,000**

Notes to the Financial Statements
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*875,195 and 1,624,805 shares were issued to Mr Brendon Cook on 21 May 2006 and 3 July 2006 for no consideration. The shares are subject to escrow for a period of 3 years from the date of issue, and are subject to forfeiture if Mr Cook's employment with the Company is terminated for any cause or Mr Cook resigns as an employee at any time within 3 years of the date of issue of the shares.

In accordance with AASB 2 Share Based Payments, the value of the shares is being expended over the vesting period. The share based payment expense recognised for 2008 was $98,000 (2007: $134,000). The fair value of Mr Brendon Cook's shares has been calculated using market prices at the time of issue.

(c) Ordinary shares:
Voting rights
Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the parent entity's share register.

A poll may be demanded by the Chairperson of the meeting, by any 5 shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

Dividends rights
Dividends are payable out of the parent entity's profits and are declared or determined to be payable by the Directors. Dividends declared will be payable on the shares at a fixed amount per share.

Transfer of Shares
A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act 2001 for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors.
The Directors may refuse to register any transfer of shares, other than a Proper SCH Transfer, where permitted by the Listing Rules of the ASX. The parent entity must not refuse or fail to register or give effect to or delay or in any way interfere with a Proper SCH Transfer of Shares or other securities.

Liquidation Rights
The parent entity has only one class of shares on issue, which all rank equally in the event of liquidation. Once all the liabilities of the parent entity are satisfied, a liquidator may, with the authority of a special resolution of shareholders, divide among the shareholders at the time the whole or any part of the remaining assets of the parent entity. The liquidator may with the sanction of a special resolution of the parent entity vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder can be compelled to accept any shares or other securities in respect of which there is any liability.

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(d) Options

Holder	Exercise/grant Date	Expiry Date	Exercise Price
(a) Grant Thornton Chartered Accountants	25 November 2003	30 September 2008	$0.25
(b) Network Limited Employee Share Option Plan	31 May 2006	31 May 2008	$0.35
(c) Network Limited Employee Share Option Plan	31 May 2007	31 May 2009	$0.40
(d) Graham Jones (current Chairman)	17 May 2005	31 May 2008	$0.35
(e) Graham Jones (current Chairman)	17 May 2005	31 May 2009	$0.40
(f) Brian Bickmore (a current Director)	19 May 2006	31 May 2008	$0.35
(g) Brian Bickmore (a current Director)	19 May 2006	31 May 2009	$0.40
(h) Hub X Pty Ltd	3 July 2006	30 June 2009	$0.20
(i) Convergence Capital	3 July 2006	31 May 2008	$0.30
(j) Convergence Capital	3 July 2006	31 May 2009	$0.40

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Holder	Outstanding at 1 January 2008	Issued during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2008
(a) Grant Thornton Chartered Accountants	300,000	-	(300,000)	-	-
(b) Network Limited Employee Share Option Plan	1,405,000	-	(1,405,000)	-	-
(c) Network Limited Employee Share Option Plan	1,405,000	-	-	-	1 ,405,000
(d) Graham Jones (current Chairman)	150,000	-	(150,000)	-	-
(e) Graham Jones (current Chairman)	150,000	-	-	-	150,000
(f) Brian Bickmore (a current Director)	150,000	-	(150,000)	-	-
(g) Brian Bickmore (a current Director)	150,000	-	-	-	150,000
(h) Hub X Pty Ltd	20,000,000	-	-	-	20,000,000
(i) Convergence Capital	300,000	-	(300,000)	-	-
(j) Convergence Capital	300,000	-	-	-	300,000
	24,310,000	**-**	**(2,305,000)**	**-**	**22,005,000**
Weighted average exercise price	**$0.23**	**-**	**$0.32**	**-**	**$0.22**
No options were exercised during the year					
Weighted average remaining contracutal life (years)					**0.49**

Notes to the Financial Statements

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22. Financial Instruments

(a) Credit risk exposures

The credit risk on financial assets of the consolidated entity is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures

Details of the Group's interest rate exposure are set out below. Exposure arises mainly from liabilities bearing variable interest rates. Detail of interest rates applicable to each class of asset and liability are set out in notes 7, 8, 14 and 15.

All other assets and liabilities are non-interest bearing.

2008	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Total $'000
Consolidated						
Financial Assets						
Variable interest rates						
Cash assets	758	-	-	-	-	-
	758	-	-	-	-	-
Weighted average interest rate p.a	1.2%					
Financial liabilities						
Variable interest rates						
Working capital facility	6,348	-	-	-	-	6,348
Commercial bill lines	1,750	2,800	2,450	-	-	7,000
Fixed interest rates						
Commercial bill lines	1,000	-	350	17,800	1,850	21,000
Finance lease liabilities (see note 26)	1,781	2,038	1,760	981	238	6,798
	10,879	4,838	4,560	18,781	2,088	41,146
Weighted average interest rate p.a.	8.18%	7.24%	7.36%	9.68%	8.89%	

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2008	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Total $'000
Parent						
Financial Assets						
Variable interest rates						
Cash assets	-	-	-	-	-	-
	-	-	-	-	-	-
Weighted average interest rate p.a	1.2%					
Financial liabilities						
Working capital facility	758	-	-	-	-	758
Variable interest rates	-	-	-	-	-	-
Commercial bill line	1,750	2,800	2,450	-	-	7,000
Fixed interest rates						
Commercial bill line	1,000	-	350	17,800	1,850	21,000
	3,508	2,800	2,800	17,800	1,850	28,758
Weighted average interest rate p.a.	6.33%	5.95%	6.32%	9.73%	8.90%	

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2007	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Total $'000
Consolidated						
Financial Assets						
Variable interest rates						
Cash assets	540	-	-	-	-	540
	540	-	-	-	-	540
Weighted average interest rate p.a	4.55%					
Financial liabilities						
Variable interest rates						
Working capital facility	8,163	-	-	-	-	8,163
Fixed interest rates						
Commercial bill lines	2,000	5,879	-	-	-	7,879
Finance lease liabilities (see note 25)	1,229	1,367	1,353	1,101	376	5,426
	11,392	7,246	1,353	1,101	376	21,468
Weighted average interest rate p.a.	8.63%	7.97%	8.80%	8.77%	8.77%	

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2007	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Total $'000
Parent						
Financial Assets						
Variable interest rates						
Cash assets	-	-	-	-	-	-
	-	-	-	-	-	-
Financial liabilities						
Fixed interest rates						
Commercial bill line	2,000	4,279	-	-	-	6,279
	2,000	4,279	-	-	-	6,279
Weighted average interest rate p.a.	7.20%	7.46%				

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23. Key management personnel disclosures

The Company has taken advantage of the Corporations Amendment Regulations 2005 (No.4) (the 'Regulations') whereby the annual financial report for a listed company for a financial year does not have to contain information about the remuneration of Directors and executives that is contained in the annual Directors' report for the listed company for the financial year if:

(a) the information that is contained in the annual Directors' report is the information required by AASB 124; and

(b) the requirements set out in clause 4 of the Regulations are met.

The Company has included in the Remuneration report of the annual Directors' report information about the remuneration of Directors and key management personnel which is required by AASB124, in addition to meeting the requirements set out in clause 4 of the Regulations. Accordingly, details of Directors' and key management personnel's remuneration are set out in the accompanying annual Directors' Report.

(a) Names and positions held of parent entity Directors and key management personnel in office at any time during the financial year are:

Parent entity Directors:

Name	Role	Period of tenure
Mr Brian Bickmore	Director – non-executive	All year
Mr Chris Bregenhoj	Director – executive	All year
Mr Brendon Cook	Managing Director & Chief Executive Officer – executive	All year
Mr Graham Jones	Chairman – non-executive	All year
Mr David Standen	Director – non-executive	All year
Mr Geoffrey Wild AM	Director – non-executive	All year
Mr Edward Pretty	Director - non-executive (Alternate for Mr David Standen)	13 February 2008 - 31 December 2008

Key management personnel:

Name	Role	
Mr Noel Cook	General Manager Regional	All year
Mr Michael Egan	Company Secretary	All year
Mr John O'Neill	General Manager Sales	All year
Mr Malcolm Pearce	General Manager Assets and Operations	All year
Mr Simon Yeandle	Chief Financial Officer	All year

(b) Other transactions with Directors and key management personnel

There were no other transactions with Directors or key management personnel.

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24. Cash flow information

(a) Reconciliation of cash flow from operating activities with profit/(loss) from ordinary activities after income tax

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Profit/(loss) on ordinary activities after income tax	**3,430**	396	(2,164)	(6,247)
Depreciation and amortisation	**3,558**	2,029	-	2
Impairment losses	**695**	322	-	271
Non-cash employee benefits expense - employee entitlements	**221**	25	-	-
Share based payments	**99**	519	99	519
Discount acquisition of subsidiaries	**(2,272)**	-	-	-
Non-cash interest on convertible notes	-	951	-	951
Non-cash borrowing costs	**183**	-	183	-
Loss/(profit) on disposal of assets	**63**	(392)	-	-
(Increase) in trade debtors	**(1,441)**	(2,405)	-	-
(Increase)/decrease in other operating assets	**1,221**	(1,274)	(15)	4
Decrease in tax assets and liabilities	**1,458**	2,691	21	2,681
(Decrease)/increase in trade creditors	**(697)**	(2,231)	14	(21)
Increase in other operating liabilities	**964**	1,497	(829)	28
Net cash inflow/(outflow) from operating activities	**7,482**	2,128	(2,691)	(1,812)

(b) Reconciliation of cash

Cash at the end of the financial year is reconciled
to the related items in the balance sheet as follows:

Cash	**758**	540	-	-
Bank facilities drawn (see note 15)	**(6,348)**	(8,163)	**(758)**	-
	(5,590)	(7,623)	**(758)**	-

(c) Business combinations and acquisitions of entities

See note 29(a).

(d) Non-cash financing and investing activities

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Acquisition of plant and equipment by means of finance leases	**2,422**	3,400		-

Notes to the Financial Statements
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25. Contingencies

At 31 December 2008, the Company has issued bank guarantees in respect of property leases and contracts totalling $2,630,000 (2007: $1,060,000). These are not expected to be drawn on at any time, and are returnable upon lease and contract termination. Other than the guarantees mentioned above, the Group had no contingent liabilities or assets at 31 December 2007 and 31 December 2008.

26. Commitments for expenditure

(a) Capital commitments

At 31 December 2007 and 31 December 2008 the group had no capital expenditure contracted for, but not recognised as liabilities.

(b) Lease commitments

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
- within one year	**700**	713	-	-
- later than one year but not later than 5 years	**1,541**	1,802	-	-
- later than 5 years		-	-	-
Commitments not recognised in the financial statements	**2,241**	2,515	-	-
Finance leases				
Commitments in relation to finance leases are payable as follows:				
- within one year	**2,274**	1,575	-	-
- later than one year but not later than 5 years	**5,607**	4,821	-	-
- later than 5 years	**-**	-	-	-
Minimum lease payments	**7,881**	6,396	-	-
Less: future finance charges	**(1,083)**	(970)	-	-
Recognised as a liability	**6,798**	5,426	-	-
Representing lease liabilities:				
Current (see note 15)	**1,781**	1,229	-	-
Non-current(see note 18)	**5,017**	4,197	-	-
	6,798	5,426	-	-

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27. Employee Benefits

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Employee benefits and related on-costs liabilities				
Provision for employee benefits - current (see note 16)	307	345	-	-
Provision for employee benefits - non-current (see note 19)	568	361	-	-
Aggregate employee benefit and on-costs liabilities	875	706	-	-

	Consolidated		Parent entity	
Employee numbers				
Number of employees at the reporting date	100	95	100	-

oOh!media Employee Share Option Plan

All permanent employees are eligible to participate in the plan. Options are granted under the plan for no consideration. Options are granted over a five year period, and each tranche becomes exercisable and expires as shown in the table on the following page. The employees' entitlements to the options are vested as soon as they become exercisable. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. Set out on the following page are summaries of options granted during the year under the plan.

Exercise Date	Expiry Date	Exercise price	Outstanding at 1 January 2008	Issued/(lapsed) during the year	Exercised during the year	Outstanding at 31 December 2008
31 May 2006	31 May 2008	$0.35	1,405,000	(1,405,000)	-	-
31 May 2007	31 May 2009	$0.40	1,405,000	-	-	1,405,000
			2,810,000	(1,405,000)	-	1,405,000

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
Options vested at the reporting date	1,405,000	2,810,000	1,405,000	2,810,000

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28. Related party transactions

(a) Directors

Disclosures relating to Directors and specified executives are set out in note 23.

(b) Wholly owned Group

The wholly owned Group consists of oOh!media Group Limited and its wholly owned controlled entities, listed in note 29.

Transactions between oOh!media Group Limited and other entities within the wholly owned Group during the year ended 31 December 2008 consisted of:
- management fees charged by oOh!media Group Limited;
- loans advanced by and to oOh!media Group Limited; and
- investments in subsidiaries of oOh!media Group Limited

	Parent entity	
	2008 $'000	2007 $'000
Management fees charged to wholly controlled entities by oOh!media Group Limited	**400**	-
Aggregate amounts receivable/(payable) from/(to) entities within the wholly owned group at 31 December		
Current receivables/(loans)	**2,756**	5,223
These loans are repayable at call and are non-interest bearing.		
Aggregate investments made by oOh!media in wholly controlled entities	**95,119**	50,577

29. Investments in controlled entities and business combinations

	Country of incorporation	Class of shares	Effective equity holding 2008	2007
oOh!media Assets Pty Limited	Australia	Ordinary	100%	100%
oOh!media Digital Pty Limited	Australia	Ordinary	100%	100%
oOh!media Factor Pty Limited	Australia	Ordinary	100%	100%
oOh!media Lifestyle Pty Limited	Australia	Ordinary	100%	100%
oOh!media Produce Pty Limited	Australia	Ordinary	100%	100%
oOh!media Pty Limited	Australia	Ordinary	100%	100%
oOh!media Retail Pty Limited	Australia	Ordinary	100%	100%
oOh!media Roadside Pty Limited	Australia	Ordinary	100%	100%
oOh!media Shop Pty Limited	Australia	Ordinary	100%	100%
oOh!media Transport Pty Limited	Australia	Ordinary	100%	100%
oOh!media Tryvertising Pty Limited	Australia	Ordinary	100%	100%
Sports & Outdoor Media Pty Limited	Australia	Ordinary	100%	-

Notes to the Financial Statements
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(a) Acquisition of controlled entities

On 2 February 2007 the Company announced that it had acquired Sports & Outdoor Media's Victorian assets for a total consideration of $1,728,000.

On 10 July 2007 the Company completed the acquisition of 100 per cent of issued capital of Media Puzzle Pty Ltd for a total of $36.5 million comprising $29.3 million consideration, $0.7 million in acquisition costs, $6.5 million repayment of loans, plus $3.3 million of working capital adjustments. Media Puzzle's shareholders which included its management and Y&R Brands Pty Limited, a subsidiary of WPP Group plc received in aggregate $8.9 million in cash and $26.9 million in shares of Network Limited. 116,521,576 shares were issued in respect of the purchase consideration, and 20,978,424 shares were issued in respect of repayments of loans. The effective date of the acquisition was 15 June 2007.

On 23 July 2008, the Company announced that it had entered into an agreement to purchase 100 per cent of the issued share capital of Sports and Outdoor Media Pty Limited for a total of $45.8 million comprising $40 million consideration, $1.5 million acquisition costs and a performance based payment of approximately $4.3 million in cash and shares. Under the acquisition agreement the company will acquire the whole of the issued share capital of Sports & Outdoor Media Pty Limited in two stages. The first stage will see oOh!media acquire 65 per cent of the issued capital of Sports & Outdoor Media Pty Limited on 1 September 2008 followed by the remaining 35 per cent on 31 December 2009. The consideration of $40 million is payable by instalments with $21.5 million cash payable on settlement, with the second instalment of $18.5 million payable by 31 December 2009 in cash and/or oOh!media shares at the vendor's discretion. The second instalment is a contractual commitment and is expected to be funded by a mixture of debt and equity. In addition, oOh!media will pay a performance based payment in respect of Sports & Outdoor Media's financial performance for the period between 1 September 2008 and 31 December 2009.

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Details of the acquisitions are as follows:

	2008 Out-of-Home advertising businesses		2007 Out-of-Home advertising businesses		
	Sports & Outdoor Media NSW $'000	Total $'000	Media Puzzle $'000	Sports & Outdoor Media VIC $'000	Total $'000
Aggregate fair value of assets acquired and liabilities assumed					
Cash	**242**	**242**	3,605	-	3,605
Plant and equipment	**4,081**	**4,081**	4,832	174	5,006
Trade and other receivables	**1,343**	**1,343**	3,438	-	3,438
Intangible assets	**42,910**	**42,910**	30,444	1,554	31,998
Deferred tax assets	**-**	**-**	130	-	130
Trade and other payables	**(1,769)**	**(1,769)**	(9,144)	-	(9,144)
Total fair value of assets acquired and liabilities assumed	**46,807**	**46,807**	33,305	1,728	35,033
Discount on acquisition	**(2,272)**	**(2,272)**	-	-	-
	44,535	**44,535**	33,305	1,728	35,033
Settled by:					
Cash paid in current year	**22,367**	**22,367**	10,001	1,728	11,729
Cash to be paid in future years	**22,168**	**22,168**	-	-	-
Issue of shares in current year	**-**	**-**	23,304	-	23,304
	44,535	**44,535**	33,305	1,728	35,033
Carrying amount of assets acquired and liabilities assumed immediately before the combination					
Cash	**242**	**242**	3,605	-	3,605
Plant and equipment	**411**	**411**	3,708	174	3,882
Trade and other receivables	**1,343**	**1,343**	3,438	-	3,438
Intangible assets	**-**	**-**	1,954	1,554	3,508
Deferred tax assets	**-**	**-**	130	-	130
Trade and other payables	**(1,769)**	**(1,769)**	(9,144)	-	(9,144)
Total carrying amount of assets acquired and liabilities assumed immediately before the combination	**227**	**227**	3,691	1,728	5,419

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	Consolidated	
	2008 $'000	2007 $'000
Outflow of cash to acquire controlled entities or businesses net of cash acquired		
Cash consideration paid in current year	**22,367**	11,729
Cash acquired	**(242)**	(3,605)
Total	**22,125**	8,124

The net fair value of the identifiable assets, liabilities and contingent liabilities acquired as part of the Sports & Outdoor Pty Limited business combination exceeded the cost of this business combination. In accordance with the Group's accounting policy, the identification and measurement of the identifiable assets, liabilities and contingent liabilities of Sports & Outdoor Media Pty Limited were reassessed. Independent valuation advice was sought, and the excess remaining after the reassessment was recorded as a discount on acquisiton in the income statement for the year ended 31 December 2008.

30. Financial risk management

(a) Risks arising from financial instruments

The Company conducts transactions in the following financial instruments:

- Cash and cash equivalents;
- Receivables;
- Deposits;
- Payables; and
- Borrowings, including bank bills and bank loans, and convertible notes.

The Company is exposed to financial risks as a result of these transactions. These can be classified into credit risk, liquidity risk and market risk (in respect of interest rate risk, foreign currency risk and other price risks).

The Company has in place a risk management framework that mitigates these risks, with the purpose of mitigating overall risk to financial performance. Financial risk management policies are approved by the Audit Committee. The Company does not conduct derivative transactions nor trade speculatively in financial instruments, derivative or otherwise. Interest rates are fixed on certain bank loans, as approved by the board of Directors on a case by case basis.

The Company manages its risks in consideration of both its financial results and its underlying financial position.

Financial Risk Factors and mitigation

The financial risks associated with the Company's transactions and the Company's related risk management policies, are set out below.

Market Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument or its cash flows will vary, due to changes in interest rates.

Interest bearing financial assets comprise cash at bank and in hand. Surplus cash at bank is used to reduce working capital facilities, therefore there is minimal interest rate risk on financial assets.

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Financial liabilities relate to debt and borrowings from the Company's primary banker, Westpac Banking Corporation.

Cash flow interest rate risk arises mainly from borrowings that attract variable interest rates. Working capital facilities attract a variable interest rate. The Company manages the interest rate exposure on this facility in accordance with targeted ratios of fixed interest debt to variable interest rate debt. These targets are continually reviewed.

Other financial liabilities comprise commercial bill lines and equipment finance facilities, which have fixed interest rates.

The Company does not hedge interest rate risk or use derivatives to manage its interest rate risk. All interest rates applicable are Australian interest rates.

Details of the group's interest rate exposures are set out in note 22.

Sensitivity Analysis
The table below sets out the effect on profit and equity after tax if interest rates had been higher or lower during the year by an amount of 100 basis points (or 1% p.a.). This amount has been used as it represents four 25 basis point rises, which is reasonably possible in the current economic environment, and confirmed by market expectations that interest rates in Australia are more likely to move down then up in the coming year.
If interest rates were higher by 1% p.a., profit and equity will be decreased due to:

- increased interest expense on variable rate borrowings; and
- increased interest expense on fixed interest borrowings taken out in the year, due to increases in the prevailing interest rate at the time the borrowings were taken out.

These two factors are partially offset by an increase in interest income from cash balances.

A corresponding decrease would occur in interest expense (and thus an increase in profit and equity) if interest rates were lower by 1% p.a.

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	Consolidated			
	Net Profit		Equity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
If interest rates were higher by 1% p.a. with all other variables held constant - increase/(decrease)	**(171)**	(106)	**(171)**	(106)
If interest rates were lower by 1% p.a. with all other variables held constant - increase/(decrease)	**171**	106	**171**	106

	Parent			
	Net Profit		Equity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
If interest rates were higher by 1% p.a. with all other variables held constant - increase/(decrease)	**(154)**	(28)	**(154)**	(28)
If interest rates were lower by 1% p.a. with all other variables held constant - increase/(decrease)	**154**	28	**154**	28

Other price risk
Other price risk is the risk that the fair value of available for sale financial assets will fluctuate due to changes in market prices, other than those arising from interest rate risk and currency risk.

Sensitivity Analysis
Prices are expected to fluctuate by no more than 10%. If prices of available for sale financial assets were higher by 10%, profit after tax and equity would increase by $36,000. A corresponding decrease in profit after tax and equity would occur if prices were lower by 10%.

Foreign currency risk
Foreign currency risk is the risk that the fair value of a financial instrument or its cash flows will vary, due to changes in foreign currency rates.

The Group conducts transactions solely in Australian dollars and is not subject to any foreign currency risk.

Credit Risk
Credit risk is the risk that the fair value of a financial asset will decrease due to the failure of an entity with whom the Company transacts to fulfil its contractual obligations. The primary source of credit risk is trade receivables relating to customers who are given credit terms for payment of invoices for the supply of goods and services. The practices in place to manage these risks are:

- Credit checks are conducted on all new customers, and credit limits are set;
- Collateral held as security may be required;
- Ongoing assessments are conducted on the fair value of trade receivables and, where appropriate, a provision for bad and doubtful debtors is made against those assets which require it.

The maximum exposure to credit risk is the carrying value of trade receivables net of any provisions. Details of trade and other receivables are set out in note 8.

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Liquidity Risk

Liquidity risk is the inherent risk that the Company will have insufficient funds to meet its commitments to settle financial transactions and liabilities as and when they fall due. All financial liabilities with a contractual maturity date contribute to the Company's liquidity risks. The practise in place to manage these risks are:

Ongoing cash flow forecasting in performed; and a cash policy is in place that maintains a minimum level of cash and cash equivalents, and a minimum level of undrawn bank facilities.

The contractual maturity date for financial liabilities is set out in note 22.

(b) Financial position

Financial assets and financial liabilities

The fair value of all financial assets and liabilities approximates their carrying values. Consequently, in accordance with AASB7 paragraph 29, fair values and carrying values for each class of financial assets and financial liabilities are not disclosed in the note, as the carrying values of these assets and liabilities are set out elsewhere in the financial statements.

(c) Derivative financial instruments and hedging activities

The Company does not engage in hedging activities, conduct hedging transactions in, nor hold, financial instruments to hedge risks. Consequently the Company does not perform hedge accounting.

(d) Breaches

During the year the Company has not breached any of its agreements with its lenders, suppliers, customers or employees.

31. Events occurring after reporting date

As at 27 February 2009 there were no matters to report after the reporting date.

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32. Earnings/(loss) per share

	Consolidated	
	2008 cents	2007 cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company		
Basic earnings per share	**0.9**	0.2
Diluted earnings per share	**0.9**	0.2

The earnings used to calculate the basic earnings per share from continuing operations are $3,430,000 (2007: $396,000) being the profit from continuing operations attributable to the ordinary equity holders of the Company

The earnings used to calculate the diluted earnings per share from continuing operations are $3,430,000 (2007: $396,000) being the profit from continuing operations attributable to the ordinary equity holders of the Company. Interest savings of $nil have been added to net profit to arrive at the earnings used to calculate diluted earnings per share (2007: $2,000).

Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company		
Basic earnings/(loss) per share	**0.9**	0.2
Diluted earnings/(loss) per share	**0.9**	0.2

The earnings used to calculate the basic earnings per share are $3,430,000 (2007: $396,000) being the profit attributable to ordinary equity holders of the Company.

The earnings used to calculate the diluted earnings per share are $3,430,000 (2007: $396,000) being the profit attributable to the ordinary equity holders of the Company. Interest savings of $nil have been added to net profit to arrive at the earnings used to calculate diluted earnings per share (2007: $2,000).

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	**370,911,861**	253,577,385
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	**370,911,861**	253,807,881

Options

Options exercisable at less than the average market price for ordinary shares are considered diluted in the calculation of potential ordinary shares. The number of potential ordinary shares deemed to have been issues and included in the determination of diluted earnings per share is nil (2007: 230,496). Details of outstanding options are set out in note 21.