



ooh!media[®]

Annual Report 2010

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

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Chairman's Report

It is extremely pleasing to report yet another record result for shareholders.

These figures are the result of outstanding management and outstanding staff:

- NPAT up 43% to \$7.0 million
- Revenue up 28% to \$109.7 million versus industry growth of 19%
- 42% EBITDA growth to \$21.1 million
- Debt/EBITDA ratio reduced to 1.7 times
- EPS up 38% to 1.8 cents.

Eight years ago oOh!media embarked on a strategy of growing the business both organically and by acquisition. Since then we have made 14 value accretive acquisitions and have substantially increased our advertising asset inventory across all our major product formats.

The share price more than doubled between January and December 2010. But investors are not the only people to notice the outstanding performance of oOh!media. Here are some other endorsements:

- AdNews 'Top 3 Media Company' 2008, 2009 and 2010.
- BRW Fast 100 Company 2009
- BRW 50 Best Places to Work Company 2010
- Ernst & Young Entrepreneur of the Year 2010 – Eastern Region Winner: Brendon Cook

This recognition has been brought about as a result of market leadership in Regional and many Metropolitan outdoor markets, a track record of strong growth and the experience of the management team.

In an environment where there is a strong focus on liquidity management and a generally held belief that debt levels need to be carefully managed, your company has been able to strengthen its Balance Sheet in this regard.

During 2010, Net Debt was reduced from \$56.1 million to \$36.4 million (3.8 X EBITDA down to 1.7 X EBITDA). Since then the Net Debt has been further reduced to \$26.0 Million (1.2 x EBITDA).

These reductions were achieved as a result of a combination of free cash flow and a very successful capital raising which was priced at a premium to the market.

Our banking facilities are more than adequate for the future operations and we continue to operate well within all banking covenants.

Notwithstanding the impressive ongoing performance of oOh!media, there is no complacency about the need to review the building blocks of future performance on a continual basis. The principal building block is our people and we are acutely aware of the need for investment in programs underpinning staff retention and development. This leads to stability and ensures we never lose sight of our existing and potential customers.

In addition, we are constantly looking for improvements in our product portfolio with a focus on developing better ways to utilise product mix through marketing, sales and technology upgrades.

Thus we plan to continue to lead the market.

I would like to express our appreciation of the support received from both of our major shareholders, Macquarie and WPP. Their presence at the Board table has been a significant feature in the continued success of oOh!media.

Again I wish to pay tribute to Brendon Cook and every member of the staff at oOh!media. Their dedication and professionalism is exemplary and is a model for any organisation.

It is pleasing to note that 2011 has started very well and we look forward to another good year.

Thank you very much for your continued support.



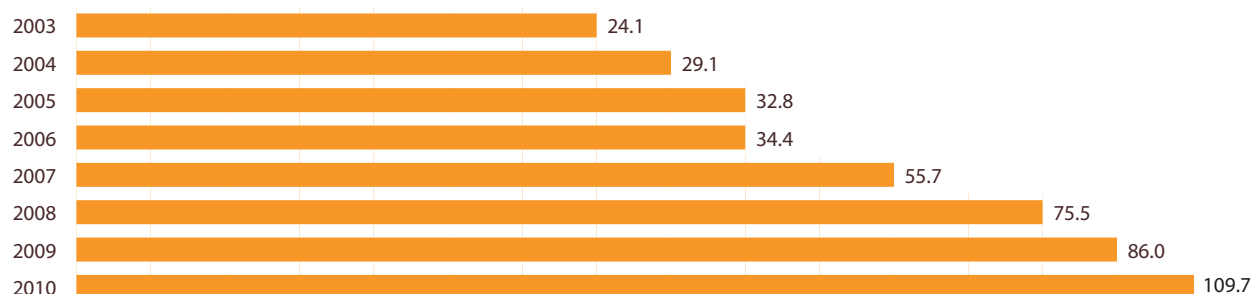
Graham Jones
31 March 2011

Highlights / Key Events of 2010

Highlights

- Sales revenue was up by 28% over the corresponding period in 2009, against an industry increase of 19%.
- EBITDA was up 42% over the corresponding period in 2009.
- EBIT margin improved from 13.0% in 2009 to 15.4% in 2010.
- The Group delivered a \$2.1 million net profit improvement over 2009.

Underlying Media Revenue (\$M)



Key Events

07.05.10 oOh!media launches all-in-one home and workshop on wheels

Chief Executive Officer Brendon Cook said a call to staff for some 'out-there' solutions to improve customer service, productivity and profit prompted a unique take on the mobile home office concept – a custom-fitted semi-trailer complete with bedroom, kitchen, office and workshop – that will travel Australia to service the company's 5,000+ retail advertising sites.

A cost analysis of what was required showed that by building a mobile home/office workshop for the asset manager to base himself out of for the main part of a year, the company is expected to realise savings of some \$250,000 p.a. as a result of extended life of inventory, reduced freight costs and travel and accommodation savings.

"It allows us to maintain and update sites in shopping centres in a cost effective and timely way, stay in touch with our regional clients and get on-the-ground feedback," Mr Cook said.

15.06.10 oOh!media's WA growth is the tonic

Following its major expansion in the Perth market over the past four years, oOh!media appointed sales representation company, Media Tonic, to enhance its delivery to local clients and agencies. Western Australia has been a key focus area for the company since 2006 as it had identified significant demand for marketers to gain greater connection with consumers through out-of-home advertising.

We have invested heavily in infrastructure and have more than doubled our large format billboard inventory, introduced retail advertising in 58 shopping centres and we continue to add regional billboards to our offering.

25.06.10 oOh!media named one of the top 50 Best Places to Work for 2010

Based on the Great Place to Work Institute Australia's annual research which considered the culture of the organisation and results of a trust index survey with staff, oOh! was one of only seven media companies to make the list.

30.11.10 oOh!media announces \$20 million placement

oOh!media announced it had successfully raised \$20 million to help the company pursue further growth plans through the placement of 99,248,120 new ordinary shares to institutional and sophisticated investors. The fully subscribed capital raising followed November's announcement that the company expected revenues to increase by up to 38% to between \$108 million and \$110 million - the fourth consecutive year of double digit earnings growth.

31.01.11 oOh! makes final payment for Sports and Outdoor Media

The Company announced it had made the final payment for its Sports and Outdoor Media Pty Ltd acquisition earlier than the contracted date, following its recent successful capital raising. Under the early settlement agreement, \$18.5 million was paid to the vendor, consisting of \$4.2 million in ordinary shares at 20 cents per share and \$14.3 million in cash for the balance of the deferred consideration. There are no further payments to be made in respect of this acquisition.

CEO's Report

Results commentary

In 2010, we continued the earnings growth shown over the last 5 years.

Our plans to invest in organic growth and to unlock the value in our acquisitions has once again been successful. The acquisitions we have made continue to perform above their purchase multiples, as planned.

We continued to deliver on our market share growth plans around our 3 core product areas: big billboards in metropolitan areas, regional billboards and retail media.

Revenues for the year grew 28% to \$109.7million, capping off 3 years of massive growth: 97% from 2007 to 2010. Our market share in Australia has doubled during this period (the outdoor industry grew 9% over this same period).

This doubling of market share has been soundly executed and we have been careful not to 'buy' revenue or impact profitability by increasing our fixed cost base faster than our revenue. Indeed our EBITDA margin has continued to grow, reaching 19.2% for 2010.

In the last 8 consecutive years of revenue growth, there has only been 1 quarter where revenue growth has not exceeded the corresponding quarter in the previous year.

Our successful business model to date has been built on:

- sales success through changing economic conditions;
- expansion in higher margin products;
- low risk property ownership profiles; and
- scalable operations meaning we can add more inventory with little need for additional overheads.

Our diverse property ownership base means that no one property contract delivers more than 4% of our revenue.

Our balance sheet was strengthened significantly with the \$20 million capital raising and subsequent settlement of the balance of the Sports and Outdoor Media acquisition in December 2010 and January 2011.

The company is in a strong financial position with recent debt reduction and a Debt/EBITDA ratio amongst the lowest in the Australian media sector.

Strategy Overview

We continue to lead the market in Regional Australia, in both large format and retail products, through bringing new advertisers onto our inventory.

We have the most shopping centres of all the out-of-home media companies, with further growth in sign and centre numbers planned for 2011 and beyond. This leadership position with a truly national retail offering continues to attract advertising spend away from other mediums.

Our large format signs have been boosted in 2010 by the post-GFC recovery and new signs through tenders wins in Sydney, and through the continued promotion of this format and increased adoption of MOVE as the industry audience measurement currency, we expect solid growth in this area also.

Staff

oOh!media is committed to its culture and investment in staff. Staff training, development and retention are critical to oOh!media continuing to deliver increasing market share and value to our shareholders. Our inclusion in the 2010 Best Place To Work Institute's 'Top 50 employers' list is testament to the importance we place on our staff and our workplace.

Future Outlook

The Board and management are confident that the company's earnings are sustainable and that our core products have potential for growth and development that will continue to see the company perform strongly within the growing outdoor media sector.

We will continue to invest in new inventory and well-priced acquisitions where they make strategic sense and if and when they become available. It is no surprise that we make the same statement for another year, namely that "the business is structured for sustainable performance within changing economic conditions".



Brendon Cook
CEO and Managing Director
31 March 2011

Directors' Report

Your Directors present their report on oOh!media Group Limited for the year ended 31 December 2010.

Directors

The following persons were Directors of the Company during the whole year and until the date of this report:

Mr Brian Bickmore

Mr Christopher Bregenhøj (Executive Director)

Mr Brendon Cook (Managing Director and CEO)

Mr Graham Jones (Chairman)

Mr David Standen

Mr Geoffrey Wild AM

Principal activities

oOh!media Group Limited is the only pure out-of-home media company listed on the ASX. The Group's activities include out-of-home media, production and advertising. The Group continues to focus on the outdoor advertising industry and accordingly it has made a number of acquisitions in the media industry. It intends to continue to grow its business through organic development and acquisition.

There were no significant changes in the nature of the activities during the financial year, other than as detailed in the review of operations and significant changes in the state of affairs noted below.

Results and financial position

The consolidated net profit after tax for the year comprises:	2010	2009
	\$'000	\$'000
Revenue from sales	109,700	86,040
Earnings before net borrowing costs, tax, depreciation and amortisation	21,117	14,925
Depreciation and amortisation	(4,306)	(3,779)
Earnings before net borrowing costs and tax	16,811	11,146
Net borrowing costs	(5,629)	(4,661)
Profit from ordinary activities before income tax	11,182	6,485
Income tax (expense)	(4,154)	(1,594)
Net profit after tax	7,028	4,891

Net cash flow from operating activities for the year amounted to \$14,032,000 (2009: \$9,697,000), an improvement of \$4,335,000.

Net cash flow for the year amounted to \$11,373,000 (2009: \$591,000) reflecting the increased cash flow from operating activities and proceeds from share issues in the year.

Net assets for the year increased by \$20,001,000 to \$87,091,000 at 31 December 2010.

Directors' Report

Dividends

No dividends were paid during the year and no dividend is proposed.

Review of operations

The Group operated in the out-of-home media industry. Currently the Group has operations only in Australia.

Significant changes in the state of affairs

On 16 November 2009, the Group announced that it had finalised negotiations to extend the date of final payment for Sports and Outdoor Media Pty Ltd to 31 December 2011, with the right for early repayment. Under the new agreement, the Group extended the final instalment to 31 December 2011, for the issue of \$1.2 million in shares if the outstanding amount was not paid by 31 December 2009, and a further payment of \$1.2 million in cash if the final instalment was not met by 31 March 2010. The company also announced that as per the original acquisition agreement, deferred consideration of \$2.3 million in cash and 10 million oOh!media shares for achieving the performance criteria would be settled by 31 March 2010.

On 31 January 2011, the Company announced it had made the final payment for its Sports and Outdoor Media Pty Ltd acquisition earlier than the contracted date, following its recent successful capital raising. Under the early settlement agreement, \$18.5 million was paid to the vendor, consisting of \$4.2 million in ordinary shares at 20 cents per share and \$14.3 million in cash for the balance of the deferred consideration. There are no further payments to be made in respect of this acquisition.

Matters subsequent to the end of the financial year

There is at the date of this report no matter or circumstance, other than as noted in note 29 to the financial statements, which has arisen since 31 December 2010 that has significantly affected or may affect:

- i. the operations of the Group;
- ii. the results of these operations; or
- iii. the state of affairs of the Group for the financial years subsequent to 31 December 2010.

Likely developments and expected results of operations

Further acquisition and growth opportunities are being investigated, with a view to broadening the Group's business base to maximise shareholder value.

Information on Directors

			Particulars of Directors' interests in shares and options of the Company	
Director	Special Responsibilities	Independence	Shares	Options
Non-executive Directors				
Mr Brian Bickmore	Chairman of Audit Committee Chairman of Remuneration Committee	Independent	130,000	750,000
Mr Graham Jones, Chairman	Member of Audit Committee Member of Remuneration Committee	Independent	100,541	750,000
Mr David Standen	Member of Audit Committee	Not independent	-	750,000
Mr Geoffrey Wild AM	Member of Remuneration Committee	Not independent	-	750,000
Executive Directors				
Mr Christopher Bregenhøj	Member of Audit Committee	Not independent	13,650,000	4,500,000
Mr Brendon Cook	CEO and Managing Director	Not independent	11,559,250	6,000,000

Directors' Report

Qualification and experience of Directors

Non-executive Directors

Mr Brian Bickmore (appointed 17 May 2005)

Brian Bickmore is one of Australia's leading media executives and brings to oOh!media considerable local and international success in building and operating national media networks and enterprises. As a founding executive member and longest serving Director of Austereo Group Limited, Mr Bickmore has been at the forefront of the Australian radio industry for over 25 years. Following Mr Bickmore's retirement from Austereo Group Limited in 2004, he assumed independent directorships with listed media groups RG Capital Radio Limited and Photon Group Limited. Mr Bickmore subsequently assumed the role of Independent Chairman of RG Capital Radio Limited. He is also Chairman of Australian bakery cafe chain Pie Face.

Mr Graham Jones FCPA, FAICD (appointed 5 October 2001)

Chairman

Graham Jones, who is presently Principal of Wallace Jones & Hood Pty Ltd, a business and art consultancy, has had a long career in business in Australia and internationally. Mr Jones conducts a successful consultancy specialising in business strategy, reconstruction, cost reduction and organisational effectiveness. He has held the following positions as Treasurer of IBM Australia/NZ and CFO/Finance Director of Rank Industries Australia, Capita Financial Group, House of Fraser Holdings (incorporating Harrods Ltd) and Qantas Airways Ltd. He is also Chairman of Media Access Australia, a Not For Profit organisation encouraging access to all forms of media for people with disabilities.

Mr David Standen (appointed 3 July 2006)

David Standen is an Executive Director of Macquarie Capital Advisers Limited, a Macquarie Group Limited company, focusing on corporate advisory and private equity investments in the telecommunications, media and technology markets. Prior to joining Macquarie Bank, Mr Standen has served in executive capacities at NCR, AT&T and as a Partner in the legal firm Gilbert & Tobin and brings many years operational and transaction experience.

Mr Geoffrey Wild AM (appointed 10 July 2007)

Geoffrey Wild has spent over thirty years in the advertising industry, including as Deputy Chairman of Clemenger BBDO, and a Board Member of BBDO Worldwide. He was Chairman of the NSW Tourism Commission, and a Director of the Sydney Olympic Committee Bid Company and one of four Vice Presidents of that Committee. Currently Mr Wild sits on several boards including as Chairman of WPP Holdings (Australia) Pty Ltd and ComOps Limited. He is Deputy Chairman of Arab Bank Australia Limited, and a long serving Board Member of Phil Ruthven's IBIS World, the business and economic forecasting group and until recently, of the PGA (Professional Golf Association). He is a former Director of the NSW TAB Limited and OPSM. He was awarded the Order of Australia (AM) in 2000, for his contribution to business, tourism and the Olympics.

Executive Directors

Mr Brendon Cook CEO and Managing Director

(appointed 15 November 2002)

Brendon Cook founded Outdoor Network Australia, now known as oOh!media, in 1989. Mr Cook has had 32 years' experience in outdoor media with companies including Australian Posters, Britescreens and Alan Davis. Mr Cook is also a board member of the OMA (Outdoor Media Association of Australia) and has, for more than 12 years, been an active member of the Executive Connection Group, an international organisation dedicated to increasing the effectiveness of CEOs.

Mr Christopher Bregenhøj Executive Director

(appointed 20 February 2000)

Christopher Bregenhøj worked for 13 years in Hong Kong where he started his career as a practicing accountant and became a partner in KPMG. Subsequently he joined Morgan Grenfell (Hong Kong) Limited as an Associate Director. In 1988 he returned to Australia where he established First Equity Capital Ltd, a private investment banking and corporate advisory company which joined with Consortium Capital Limited and Gemini Investment Holdings Limited to form Gemini Capital Limited in 1996. He was appointed as non-executive chairman of Human Therapeutics Group in December 1999 and has been a director of oOh!media Group Limited since its incorporation on 28th February 2000 as Pi2 Ltd.

Company Secretary

Mr Michael Egan (appointed 3 May 2001)

Michael Egan is Company Secretary of the Company and its controlled entities. Mr Egan has a range of experience in the Chartered Accounting profession, in business and in consulting. Mr Egan has held Directorships in ASX listed companies and in Australian subsidiaries of multi-national companies including Anglo-Australian group Rio Tinto and Hoechst (Germany).

Directors' Report

Meetings of Directors

The number of meetings of the Company's Board of Directors and other Board Committees held during the year while the relevant Director was in office, and eligible to attend, and the number of meetings attended by each Director were:

Director	Full board meeting		Audit Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr Brian Bickmore	12	12	2	2	2	2
Mr Christopher Bregenhoj	12	12	2	2	-	-
Mr Brendon Cook	12	12	-	-	-	-
Mr Graham Jones	12	12	2	2	2	2
Mr David Standen	12	7	2	1	-	-
Mr Geoffrey Wild AM	12	12	-	-	2	2

Retirement, election and continuation in office of Directors

Each Director holds office until the first Annual General Meeting after his/her appointment, at which each Director seeking re-election as a Director must offer himself/herself for re-election in accordance with the Company's Constitution. The Managing Director, by reason of holding office as Managing Director of the Company, is exempted from the provisions of the Constitution that require him/her to be re-elected to office.

Environmental Regulations

The Company has determined that there is no particular or significant environmental legislation which is relevant to its operations.

Insurance of Officers

During the financial year, a premium of \$43,526 was payable to insure all Directors and officers of the Company and related bodies corporate.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against any Director in their capacity as officer of the Company or a related body corporate.

Websites

Further information in relation to oOh!media Group Limited and its controlled entities is available on the Group's website at www.oohmedia.com.au.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor

PKF have been appointed as Auditor in accordance with section 327 of the Corporations Act 2001.

Directors' Report

Independence declaration

In accordance with the Audit Independence requirements of the Corporations Act 2001, the Directors have received and are satisfied with the "Auditor's Independence Declaration" provided by the Group external auditor PKF. A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 62.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position, and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2010 \$	2009 \$
Audit and other assurance services:		
- Audit or review of financial reports	234,242	171,500
- Other assurance services	20,790	2,100
Other Services:		
- Advisory services and taxation	-	4,500

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Report

Remuneration Report

This report sets out information in respect of the Company's remuneration policies in respect of Directors and key management personnel, including the relationship between remuneration policies and the Company's performance; prescribed details of Directors and key management personnel; details of securities included in the remuneration of Directors and key management personnel; and details of the contracts under which these persons are employed.

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for the delivery of reward.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company and which is transparent.

The alignment of the remuneration policy to shareholders' interest focuses on maintaining sustainable growth in shareholder wealth through growth in share value and delivering returns on assets employed.

The alignment of the remuneration policy to participants' interest is based on providing a clear understanding for the earning of rewards, reflects contribution to shareholder wealth and rewards experience and contribution.

The framework provides for fixed pay with a blend of short and long term incentives.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, being a Director of a listed company. Remuneration for non-executive Directors consists of annual fees and superannuation contributions. The fees paid to non-executive Directors are reviewed annually. The Board as a whole has responsibility for reviewing and recommending the level of remuneration for non-executive Directors.

Directors' fees have been determined on the basis that they are appropriate and in line with the market, and to ensure the Company's Board is comprised of skilled and well-qualified Directors.

The non-executive Directors are entitled to participate in the Company's Employee Share Option Plan ('ESOP'). The Company's constitution permits retirement benefits for non-executive Directors. Non-executive Directors' fees are determined within the aggregate annual fees pool limit of \$500,000. The fees paid to non-executive Directors are inclusive of committee fees.

Key management personnel pay

The key management personnel pay and reward framework has four components:

- base pay and benefits;
- long-term incentives through participation in the Company's ESOP;
- bonuses for the achievement of preset targets where appropriate; and
- other remuneration such as superannuation.

The combination of these components forms the key management personnel's total remuneration package.

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the key management personnel's discretion.

Base pay for key management personnel is reviewed annually to ensure remuneration levels are competitive with market rates. There are no guaranteed base pay increases included in key management personnel's contracts.

Key management personnel generally receive benefits including car allowances and car parking.

Retirement benefits are provided by contribution to an accumulation superannuation fund of each key management personnel's choice.

Short term incentive (STI) bonuses are paid to individual key management personnel upon the achievement of predetermined personal objectives. The basis of the bonus is tied to the role occupied by the key management personnel and the corporate outcomes that he or she can influence. The appropriate targets and key performance indicators are set annually as part of the Company's budgeting procedures.

The Company provides equity-linked incentives to key management personnel through the Company's ESOP. Information on the Company's ESOP is set out below.

Directors' Report

The financial performance measures driving STI payments are earnings per share (EPS) and earnings before interest, tax, depreciation and amortisation (EBITDA). Details of oOh!media Group Limited's EPS and EBITDA over the five year period from 1 January 2006 to 31 December 2010 are set out below:

	2006	2007	2008	2009	2010
EPS (cents)	0.04	0.2	0.9	1.3	1.8
EBITDA (\$M)	1.1	7.5	11.3	14.9	21.1

Directors and key management personnel

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

Key management personnel:

Name	Role	Period of tenure
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

Service Agreements

Remuneration and other terms of employment for the executive Directors and key management personnel in the table below are formalised in service agreements. Details of current service agreements in place with Directors or key management personnel of the Company are set out in the table below.

Name	Period of tenure	Term of agreement	Termination notice	Termination payment
Mr Christopher Bregenhoj	All year	Unspecified	12 months	Notice period
Mr Brendon Cook	All year	Unspecified	12 months	Notice period
Mr Noel Cook	All year	Unspecified	6 months	Notice period
Mr Michael Egan	All year	From 1 July 2009 to 30 June 2011	Fixed Term	Fees to 30 June 2011
Mr John O'Neill	All year	Unspecified	12 months	Notice period
Mr Malcolm Pearce	All year	Unspecified	1 month	3 months
Mr Simon Yeandle	All year	Unspecified	12 months	Notice period

Details of Remuneration

Details of remuneration provided to Directors and key management personnel are set out in the table below. The bonuses and commissions are dependent on the satisfaction of performance conditions. All other elements of remuneration are not directly related to performance.

2010	Short-term benefits			Post employment benefits	Share-based payments		% of total			
Name	Base fee/ pay \$	Benefits \$	Bonus \$	Super - annuation \$	Options \$	Shares \$	Total \$	Fixed	At risk - STI	Shares/ options
Non-Executive Directors										
Mr Brian Bickmore	75,000	-	-	-	52,093	-	127,093	59%	-	41%
Mr Graham Jones, Chairman	75,000	-	-	-	52,093	-	127,093	59%	-	41%
Mr David Standen	65,000	-	-	-	52,093	-	117,093	56%	-	44%
Mr Geoffrey Wild AM	65,000	-	-	-	52,093	-	117,093	56%	-	44%
Executive Directors										
Mr Christopher Bregenhoj	277,950	35,100	180,000	-	48,997	-	542,047	58%	33%	9%
Mr Brendon Cook	325,000	46,300	286,000	29,250	65,329	-	751,879	53%	38%	9%
Total Directors	882,950	81,400	466,000	29,250	322,698	-	1,782,298			
Other key management personnel										
Mr Noel Cook	297,700	12,300	175,000	-	6,533	-	491,533	63%	36%	1%
Mr Michael Egan	126,000	8,700	40,000	-	5,733	-	180,433	75%	22%	3%
Mr John O'Neill	377,200	30,000	256,000	-	54,904	-	718,104	56%	36%	8%
Mr Malcolm Pearce	234,128	4,800	145,000	21,072	6,533	-	411,533	63%	35%	2%
Mr Simon Yeandle	230,229	6,300	150,000	20,721	11,120	-	418,370	61%	36%	3%
Total other key management personnel	1,265,257	62,100	766,000	41,793	84,823	-	2,219,973			
2009										
Non-Executive Directors										
Mr Brian Bickmore	75,000	-	-	-	-	-	75,000	100%	-	-
Mr Graham Jones, Chairman	75,000	-	-	-	-	-	75,000	100%	-	-
Mr Edward Pretty	-	-	-	-	-	-	-	-	-	-
Mr David Standen	65,000	-	-	-	-	-	65,000	100%	-	-
Mr Geoffrey Wild AM	65,000	-	-	-	-	-	65,000	100%	-	-
Executive Directors										
Mr Christopher Bregenhoj	277,950	35,100	104,528	-	-	-	417,578	75%	25%	-
Mr Brendon Cook	325,000	20,750	172,018	44,732	-	40,954	603,454	64%	29%	7%
Total Directors	882,950	55,850	276,546	44,732	-	40,954	1,301,032			
Other key management personnel										
Mr Noel Cook	297,700	12,300	108,500	-	-	-	418,500	74%	26%	-
Mr Michael Egan	126,000	8,700	20,205	-	-	-	154,905	87%	13%	-
Mr John O'Neill	402,400	4,800	165,440	-	-	-	572,640	71%	29%	-
Mr Malcolm Pearce	234,125	4,800	83,490	28,585	-	-	351,000	76%	24%	-
Mr Simon Yeandle	205,233	6,300	83,028	25,944	-	-	320,505	74%	26%	-
Total other key management personnel	1,265,458	36,900	460,663	54,529	-	-	1,817,550			

Share based compensation

An Employee Share Option Plan ('ESOP') is operated by the Company to allow selected permanent employees and Directors to participate in the growth of the Company through the issue of options over ordinary shares in the Company. Eligibility for participation is at the discretion of the Board. Options granted under the Company's Employee Share Options Plan ('ESOP') were approved by shareholders at a meeting of shareholders on 21 May 2010.

The ESOP is designed to encourage retention of key employees, provide an incentive for future performance and align employee interests with shareholder value in the future. Options granted under the plan are for no consideration. Options granted under the Company's ESOP carry no dividend or voting rights. The options must not be transferred, encumbered or otherwise disposed of without the prior consent of the Board.

Options are exercisable:

- at predetermined exercise dates; and
- at variable exercise prices which were calculated having consideration to the share price of the Company at the time the ESOP was approved by shareholders.

Exercise of the options is contingent upon key management personnel remaining employed by the Company, within 12 months of ceasing employment or on achieving performance criteria. When exercised, each option is convertible to one ordinary share.

Shareholdings and Optionholdings of Directors and key management personnel

The number of ordinary shares in the Company held during the financial year by Directors and key management personnel, including their personally related entities are set out below.

Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at end of the year
Non-executive Directors				
Mr Brian Bickmore	90,000	-	40,000	130,000
Mr Graham Jones, Chairman	100,541	-	-	100,541
Mr David Standen	-	-	-	-
Mr Geoffrey Wild AM	-	-	-	-
Executive Directors				
Mr Christopher Bregenhoj	13,650,000	-	-	13,650,000
Mr Brendon Cook	11,559,250	-	-	11,559,250
Total Directors	25,399,791	-	40,000	25,439,791
Other key management personnel				
Mr Noel Cook	500,000	-	(500,000)	-
Mr Michael Egan	400,500	-	-	400,500
Mr John O'Neill	18,500,000	-	(13,500,000)	5,000,000
Mr Malcolm Pearce	-	-	-	-
Mr Simon Yeandle	676,528	-	-	676,528
Total other key management personnel	20,077,028	-	(14,000,000)	6,077,028

Ordinary shares provided as remuneration

875,195 and 1,624,805 shares were issued to Mr Brendon Cook on 22 May 2006 and 3 July 2006 for no consideration. The shares were subject to escrow for a period of 3 years from the date of issue, and were 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 was expensed over the vesting period. The share based payment expense recognised for 2010 in respect of Mr Brendon Cook's shares was \$nil (2009: \$40,954). The fair value of Mr Brendon Cook's shares was calculated using market prices at the time of issue. No amount remains unpaid on the shares issued.

Since the end of the period to which this report relates and up to the date of this report, no shares have been issued under the ESOP.

Directors' Report

Options provided as remuneration

The number of options over ordinary shares in the Company held by, and provided as remuneration to, Directors and key management personnel including their personally related entities, during the financial year, are set out below.

Holder	Grant date	Vesting date	Expiry date	Exercise price	Fair value of each option at grant date	Outstanding at 1 January 2010	Issued during the year	Lapsed / exercised during the year	Outstanding at 31 December 2010
Non-executive Directors									
Mr Brian Bickmore	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Mr Graham Jones, Chairman	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Mr David Standen	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Mr Geoffrey Wild	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Executive Directors									
Mr Christopher Bregenhoj	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	1,500,000	-	1,500,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	1,500,000	-	1,500,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	1,500,000	-	1,500,000
Mr Brendon Cook	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	2,000,000	-	2,000,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	2,000,000	-	2,000,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	2,000,000	-	2,000,000
Total Directors						-	13,500,000	-	13,500,000
Other key management personnel									
Mr Noel Cook	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	200,000	-	200,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	200,000	-	200,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	200,000	-	200,000
Mr Michael Egan	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	200,000	-	200,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	150,000	-	150,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	150,000	-	150,000
Mr John O'Neill	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	1,700,000	-	1,700,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	1,700,000	-	1,700,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	1,600,000	-	1,600,000
Mr Malcolm Pearce	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	200,000	-	200,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	200,000	-	200,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	200,000	-	200,000
Mr Simon Yeandle	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	350,000	-	350,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	350,000	-	350,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	300,000	-	300,000
Total other key management personnel						-	7,700,000	-	7,700,000

Directors' Report

The assessed fair value at grant date of options, calculated in accordance with AASB2 Share Based Payments, granted to Directors and key management personnel is allocated equally over the period from grant date to vesting date, and the amounts are disclosed in the remuneration tables. Fair values are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term and expected life of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Inputs into the model used are set out below:

Dividend yield: 0%

Expected volatility: 60%

Risk-free interest rate: 5.60%

Expected life of options: 2.8 to 5 years

These inputs are reviewed and updated for each and every grant of options.

Terms of all options, option exercise prices and weighted average share prices at measurement date are set out in note 20 to the financial statements.

Ordinary shares provided on exercise of remuneration options

No ordinary shares in the Company were provided to Directors or key management personnel as a result of the exercise of remuneration options.

Loans to Directors and key management personnel

No loans have been made to Directors or key management personnel.

Directors' benefits

Except as set out in the financial report, during the year no Director of the Company has received or has become entitled to receive a benefit, other than a remuneration benefit, because of a contract that the Director, an entity of which the Director is a member, or an entity in which the Director has a substantial financial interest, has made (during the year ended 31 December 2010 or at any other time) with:

- (a) the Company, or
- (b) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive, the benefit.

This report is made in accordance with a resolution of the Directors.



Mr Christopher Bregenhoj

Director, Sydney

31 March 2011

Corporate Governance

Corporate Governance

The Board of oOh!media Group Limited is committed to adopting the highest standards of corporate governance for oOh!media Group Limited and its controlled entities (the 'Group') considering the size of the Group. As part of this ongoing commitment, the board has undertaken a review of its corporate governance framework against the Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines) released by the Australian Stock Exchange. The Group has continued to refine its corporate governance practices based on other best practices pronouncements and during oOh!media Group Limited's trading on the AIM segment of the London Stock Exchange, whose rules mandate certain corporate governance practices.

The implementation of the Group's corporate strategies and policies is delegated to the Managing Director and senior executives.

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance these sometime competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The Group's main corporate governance practices are set out below. All these practices, unless otherwise stated, were in place for the whole of the financial year.

1. The Board of Directors

The Board operates in accordance with the principles set out below. In developing and reviewing these principles, it has been recognised that the Group has a tightly held shareholder base, with the top 10 of the Company's approximately 1,000 shareholders holding in excess of 91% of the equity in the Company. It is also recognised that the Company has a market capitalisation of approximately \$120 million.

Composition of the Board

It has been determined that:

- the board should comprise both executive and non-executive Directors with a majority of non-executive

Directors. All Directors, but in particular non-executive Directors, are charged with exercising independent judgement and review of performance and related risk issues in respect of operating activities;

- in recognition of the importance of independent views of the board and of the Board's role in supervising the activities of management, the Chairman of the Board must be an independent non-executive Director;
- the Chairman of the Board is elected by the full Board and is required to meet regularly with the Managing Director and Chief Executive Officer; and
- the Group will endeavour to maintain a mix of Directors from different backgrounds with complementary skills and experience.

Responsibilities

The responsibilities of the Board include:

- oversight of the Group, including its control and accountability systems;
- development and approval of corporate strategies and performance objectives;
- review and approval of the Group's business plans, the annual budgets and financial plans, including the resourcing of operating and capital requirements;
- overseeing and monitoring organisational performance and the achievement of the Group's strategic goals and objectives, including acquisitions and divestments;
- identification and appointment, and removal of the Chief Executive Officer of the Group;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditor;
- appointment and assessment of the performance of any office holders of the Group;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- ensuring the significant risks facing the Group have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- reporting to shareholders.

Corporate Governance

Code of conduct

Directors are required to comply with the Company's Directors' code of conduct. The code of conduct requires that a Director:

- must act honestly, in good faith and in the best interests of the Group as a whole;
- has a duty to use due care and diligence in fulfilling the functions of office and exercising powers attached to that office;
- must use powers of office for a proper purpose, in the best interests of the Group as a whole;
- must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Group;
- must not make improper use of information acquired as a Director;
- must not take improper advantage of the powers of a Director;
- must not allow personal interest, or the interests of any associate person, to conflict with the interests of the Group;
- has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board;
- acknowledges and accepts that confidential information received in the course of his or her duties as a Director remains the property of the Group from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or person from whom the information is provided, or is required by law;
- should not engage in conduct likely to bring discredit upon the Group; and
- has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of the Directors' code of conduct.

Directors' independence

In order to be considered independent, a Director must be a non-executive and:

- not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- not an officer of the Company or a related entity, or not been a Director after ceasing to hold such office, within the last three years;
- not been a principal of a professional advisor to the Group within the last three years;
- not been a material supplier or customer of the Company or a related entity, or an officer of or otherwise associated with a material supplier or customer;
- must have no material contractual relationship with the Company or a related entity other than as a Director of the Group; or
- not been on the Board for a period that may be perceived to interfere materially with the Director's ability to act in the best interests of the Group.

Materiality for these purposes is determined on both quantitative and qualitative bases, with an amount over 5% considered material in respect of the quantitative basis.

The Chairman of the Board, Mr Graham Jones, is considered an independent non-executive Director.

Board members

Details of the members of the Board, their experience, expertise, qualifications and special responsibilities are set out under 'Information on Directors' in the Directors' Report.

Term of office

The Company's Constitution specifies that all Directors appointed to either fill a casual vacancy or as an additional Director will hold office until the next annual general meeting (AGM) at which the Director, if eligible, may offer himself or herself for re-election. The Company's Constitution also provides for Directors (except the Managing Director) to retire by rotation, with a Director having to retire at the conclusion of the third AGM after he or she was last elected. Where eligible, a Director may stand for re-election.

On attaining the age of 70 years a Director will retire, by agreement, at the next AGM and will not seek re-election.

Corporate Governance

Chairman and Chief Executive Officer

The Chairman is responsible for leading the Board, and ensuring that the Board activities are organised and efficiently conducted. The Chief Executive Officer is responsible for implementing the Group's strategies and policies.

The Group's corporate governance practices require that these roles are undertaken by separate people.

Commitment

The number of Board and Committee meetings held during the year and the number of meetings attended by each of the Directors is set out in the Directors' Report.

Non-executive Directors are expected to spend at least 36 days per year preparing for and attending Board and Committee meetings.

Conflict of interests

Dealings with related companies are set out in the financial report.

Independent professional advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Group's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

2. Corporate reporting

The Chief Executive Officer and Chief Financial Officer of the Group have made the following certifications to the Board:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and the Group; and
- that the above statement is founded on sound systems of internal control and risk management which implements the policies adopted by the board and that the Group's risk management and internal controls are operating effectively in all material respects.

The Group first adopted this reporting structure the year ended 31 December 2003.

3. Board committees

The Board has established an Audit Committee which has defined responsibilities. The Committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies. All matters determined by the Committee are submitted to the full board as recommendations for Board decision. In addition the Board seeks to ensure that the membership at any point in time represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective.

At the date of this report, the Audit Committee consists of the following Directors: Mr Brian Bickmore (Committee Chairman), Mr Christopher Bregenhøj, Mr Graham Jones, Mr David Standen and Mr Michael Egan, as Company Secretary.

The main responsibilities of the Audit Committee are to:

- review and report to the Board on the annual and half-year financial reports;
- assist the Board in reviewing the effectiveness of the Group's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations;
- oversee the effective operation of risk management; and
- recommend to the Board the appointment, removal and remuneration of the external auditor, and review the terms of his engagement, and the scope and quality of the audit.

In fulfilling its responsibilities, the Audit Committee seeks regular reports from management and the external auditor.

It also meets with the external auditor at least twice a year and at other times as appropriate. The external auditor has a clear line of direct communication at any time to either the Committee Chairman of the Audit Committee or the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Corporate Governance

Considering the size of the Company, the full Board has resolved that the functions and responsibilities of the remuneration and nomination committees will, for the time being, be undertaken by the full Board. The responsibilities of the Board in respect of these functions are:

- assess the necessary and desirable competencies of Board members;
- review the Board's succession plans;
- evaluation of the Board's performance and remuneration;
- make recommendations for the appointment and removal of Directors;
- review executive remuneration and incentive policies;
- review remuneration packages of senior management;
- review recruitment, retention and termination policies and procedures for senior management; and
- review staff incentive and superannuation schemes.

The Board is currently undertaking an evaluation of its performance.

4. Risk assessment and management

The Board is responsible for ensuring there are adequate policies in relation to risk oversight and management, and internal control systems. The Group's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives. The Group's risk management policy and processes aim to:

- ensure that risks arising from business strategies and activities are identified and prioritised;
- the board and management have determined the level of risks acceptable to the Group, including acceptable risks involved in the Group's strategic plan;
- risk mitigation activities are designed, reviewed and implemented to reduce, or otherwise manage risks at levels that are acceptable to the Board;
- ongoing monitoring activities are conducted periodically to reassess risk and the effectiveness of controls to manage risk; and
- the Board receives periodic reports covering risk management.

The Board has resolved to establish and maintain governance processes and obtain assurances concerning risk management and control processes. Management have been charged with the implementation of the risk management and control processes. Control processes must be designed to ensure:

- financial and operational information is reliable and possesses integrity;
- operations are performed efficiently and achieve effective results;
- assets are safeguarded; and
- actions and decisions of the organisation are in compliance with laws, regulations and contracts.

The Audit Committee is responsible for ensuring the adequacy and effectiveness of control processes.

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, occupational health and safety, compliance and other risk management issues. Each department reports on a monthly basis to the Board on the key business risks within that department. Risk reporting includes past performance within the department, and the current and future risks they face.

The Board requires that each major proposal submitted to the Board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed risk mitigation strategies.

5. Directors' share trading

The purpose of this policy is to assist Directors and senior managers to avoid conduct that might be considered to be a criminal act of "insider trading", and to establish appropriate rules for trading in the Company's shares. For the purposes of this policy, trading in the Company's shares would also extend to trading in other securities issued by the Company including options. This policy applies to trading in the Company's shares by Directors, both executive and non-executive, to senior managers and to trading by their family members and associates.

The Board takes the matter of the purchase and sale of shares in the Company seriously and expects full compliance with this policy.

Corporate Governance

Directors and senior managers must not buy or sell shares in the Company when they are in possession of price sensitive information which is not generally available to the market. Public companies are required to continuously disclose price sensitive information, so there is no particular period of time in which it can be automatically assumed that it is safe to trade in the Company's shares. The only permissible time for a Director or senior manager to buy or sell the Company's shares is when he or she is not in possession of price sensitive information.

Without limiting this principle, the following rules have been established to assist Directors and senior managers in fulfilling their obligations:

- Directors and senior managers must not engage in short term trading;
- there is an absolute prohibition on any trading of shares in the two month period before the announcement of the full year results or, if shorter, the period from the relevant financial year end up to and including the time of the announcement;
- there is an absolute prohibition on any trading of shares in the two month period before the announcement of the half-year results or, if shorter, the period from the relevant financial period end up to and including the time of the announcement;
- there is an absolute prohibition on any trading of shares in the two month period before the Annual General Meeting or other General Meeting of the Company;
- there is an absolute prohibition on any trading of shares in the one month period before the announcement of any quarterly results or, if shorter, the period from the relevant financial period end up to and including the time of the announcement;
- a Director or senior manager must not deal in any shares of the Company at any time when he or she is in possession of unpublished price-sensitive information in relation to those shares, or when it has become reasonably probable that such information will be required:
 - to be disclosed to the market under the Listing Rules of ASX (or other stock exchange on which the Company is listed); or
 - otherwise where clearance to trade has not been given under this policy;
- a Director or senior manager must not trade in the Company's shares without advising the Chairman (or other person designated for this purpose) in advance and receiving written clearance before any dealing (including market dealing) in the Company's shares. In his or her own case, the Chairman must advise the Board in advance at a Board meeting, or advise another designated Director, and receive clearance from the Board or designated Director, as appropriate;
- a Director or senior manager will not be given clearance under this policy to deal in any securities during:
 - a closed period;
 - any period when there exists any matter which constitutes unpublished price-sensitive information in relation to the Company's securities (whether or not the Director or senior manager has knowledge of such matter) and the proposed dealing would (if permitted) take place after the time when it has become reasonably probable that an announcement will be required in relation to that matter; or
 - any period when the person responsible for the clearance otherwise has reason to believe that the proposed dealing is in breach of this policy;
- a Director or senior manager must seek to prohibit dealings on his or her behalf (as required by this policy) by an investment manager or other party connected with the Director or senior manager; and
- a Director or senior manager must advise the Company Secretary in writing of the details of any completed transactions within 3 business days of the transaction in the format requested by ASX. The Company Secretary will be responsible for maintaining a record of disclosures.

The grant of options to a Director or senior manager under an employee share option plan may be permitted if such a grant could not be reasonably made at another time.

6. Shareholder communication and Continuous Disclosure

This policy aims to ensure any price sensitive information is disclosed to the market prior to any other person or groups of persons. The policy aims to ensure shareholders and the market is provided with sufficient information to make informed decisions about investments in oOh!media Group Limited.

Corporate Governance

The Company promotes effective communication with shareholders and the market through:

- the Annual and Half-yearly Reports;
- disclosures made to ASX under the Continuous Disclosure regime;
- notices and explanatory memoranda of the Annual General Meeting and any Extraordinary General Meetings;
- the AGM, where the auditor will be available to answer questions about the audit;
- letters from the Chairman and CEO; and
- the websites of Group companies.

The disclosure policy and authorisation process are designed to ensure Company announcements:

- are made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in a clear and objective manner.

7. The environment, health and safety management system (EHSMS)

oOh!media Group Limited recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the EHSMS was established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured manner.

This operates under the EHSMS to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environmental and OH&S issues;
- work with trade associations representing the entity's businesses to raise standards;
- use energy and other resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

Information on compliance with significant environmental regulations is set out in the Directors' Report.

Corporate Governance

8. Compliance with ASX's Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines)

A summary of the extent to which the Company has followed the Corporate Governance Principles and Recommendations issued by ASX Corporate Governance Council is set out in the table below.

	Corporate Governance recommendations	Extent of compliance
1	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Complies
1.2	Companies should disclose the process for evaluating senior executives	Complies
1.3	Companies should provide the information indicated in the Guide to Reporting on Principle 1	Complies
2	Structure the board to add value	
2.1	A majority of the board should be independent directors	The Company has a majority of non-independent Directors
2.2	The chair should be an independent director	Complies
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	Complies
2.4	The board should establish a nomination committee	The Company has a joint nomination and remuneration committee
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Complies
2.6	Companies should provide the information indicated in the Guide to Reporting on Principle 2	Complies
3	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Complies
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	Complies
3.3	Companies should provide the information indicated in the Guide to Reporting on Principle 3	Complies

Corporate Governance

	Corporate Governance recommendations	Extent of compliance
4	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee	Complies
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	The Company's Audit Committee includes an executive Director and has an equal representation of independent and non-independent Directors. With this exception the Company Complies
4.3	The audit committee should have a formal charter	Complies
4.4	Companies should provide the information indicated in the Guide to Reporting on Principle 4	Complies
5	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Complies
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5	Complies
6	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Complies
6.2	Companies should provide the information indicated in the Guide to Reporting on Principle 6	Complies
7	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those practices	Complies
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Complies
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	Complies

Corporate Governance

	Corporate Governance recommendations	Extent of compliance
7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7	Complies
8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee	The Company's has a joint nomination and remuneration committee
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Complies
8.3	Companies should provide the information in the Guide to Reporting on Principle 8	Complies

Statement of Comprehensive Income

for the year ended 31 December 2010

		Consolidated	
	Notes	2010 \$'000	2009 \$'000
Revenue from continuing operations	3	109,700	86,040
Other income	3	30	8
Costs of media sites and production		(64,129)	(49,853)
Employees and Directors costs		(16,253)	(12,911)
Insurance		(152)	(127)
Property related costs		(870)	(738)
Depreciation and amortisation	4	(4,306)	(3,779)
Legal and professional fees		(1,117)	(1,729)
Share based payments expense	4	(422)	(41)
Loss on disposal of non-current assets	4	-	(898)
Other expenses from ordinary activities		(5,640)	(4,818)
Operating profit for the year		16,841	11,154
Borrowing costs	4	(5,659)	(4,669)
Profit before income tax for the year	4	11,182	6,485
Income tax (expense)	5	(4,154)	(1,594)
Profit from continuing operations attributable to the members of oOh!media Group Limited for the year		7,028	4,891
Other comprehensive income		-	-
Total comprehensive income for the year		7,028	4,891
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share	31	1.8 cents	1.3 cents
Diluted earnings per share	31	1.8 cents	1.3 cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	31	1.8 cents	1.3 cents
Diluted earnings per share	31	1.8 cents	1.3 cents

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 31 December 2010

		Consolidated	
	Notes	2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalents	7	6,525	307
Trade and other receivables	8	23,949	19,716
Inventories	9	92	39
Total Current Assets		30,566	20,062
Non-Current Assets			
Property, plant and equipment	10	19,788	19,443
Intangible assets	11	99,016	97,853
Other financial assets	12	413	516
Total Non-Current Assets		119,217	117,812
Total Assets		149,783	137,874
Current Liabilities			
Trade and other payables	14	15,318	11,217
Deferred consideration for the acquisition of Sports and Outdoor Media Pty Ltd	28	16,878	4,868
Borrowings	15	4,812	10,049
Current tax liabilities		2,137	1,833
Provisions	16	452	371
Total Current Liabilities		39,597	28,338
Non-Current Liabilities			
Deferred consideration for the acquisition of Sports and Outdoor Media Pty Ltd	28	-	15,909
Borrowings	17	21,247	25,516
Provisions	18	755	575
Deferred tax liabilities	19	1,093	446
Total Non-Current Liabilities		23,095	42,446
Total Liabilities		62,692	70,784
Net Assets		87,091	67,090
Equity			
Equity attributable to equity holders of the parent entity			
Contributed equity - share capital	20	79,547	66,996
Reserves	20	422	-
Retained profits		7,122	94
Total Equity		87,091	67,090

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

Statement of Cash Flows

for the year ended 31 December 2010

		Consolidated	
	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers		107,123	85,003
Payments to employees and suppliers		(85,498)	(70,057)
Interest received		30	8
Interest costs paid		(4,518)	(4,436)
Income tax paid		(3,105)	(821)
Net cash inflow from operating activities	23	14,032	9,697
Cash flows from investing activities			
Payments for the acquisition of Sports and Outdoor Media Pty Ltd	28	(3,950)	(1,200)
Payments for the acquisition of controlled entities and businesses, net of cash acquired	28	(1,650)	(246)
Payments for plant and equipment		(3,711)	(2,753)
Payments for intangible assets		(317)	(542)
Proceeds from sale of property, plant and equipment		-	45
Net cash (outflow) from investing activities		(9,628)	(4,696)
Cash flows from financing activities			
Proceeds from issue of shares, net of issue costs		11,361	-
Proceeds from borrowings		375	-
Repayment of borrowings		(2,800)	(2,750)
Repayment of finance leases		(1,967)	(1,660)
Net cash inflow/(outflow) from financing activities		6,969	(4,410)
Net increase in cash and cash equivalents held		11,373	591
Cash and cash equivalents at the beginning of the financial year		(4,999)	(5,590)
Cash and cash equivalents at the end of the financial year	7	6,374	(4,999)

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 31 December 2010

Consolidated
2010

	Contributed equity- Share capital \$'000	Reserves- Option reserve \$'000	Retained Earnings \$'000	Total \$'000
Total equity at 1 January	66,996	-	94	67,090
Profit and total comprehensive income for the year	-	-	7,028	7,028
Total comprehensive income for the year	-	-	7,028	7,028
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction costs	12,551	-	-	12,551
Share based payments expense - options	-	422	-	422
Total of transactions with equity holders in their capacity as equity holders	12,551	422	-	12,973
Total equity at 31 December	79,547	422	7,122	87,091

Consolidated
2009

	Contributed equity- Share capital \$'000	Reserves- Option reserve \$'000	(Accumulated losses)/ Retained Earnings \$'000	Total \$'000
Total equity at 1 January	67,001	1,226	(6,023)	62,204
Profit and total comprehensive income for the year	-	-	4,891	4,891
Total comprehensive income for the year	-	-	4,891	4,891
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction costs	(46)	-	-	(46)
Share based payments expense - shares	41	-	-	41
Options lapsed	-	(1,226)	1,226	-
Total of transactions with equity holders in their capacity as equity holders	(5)	(1,226)	1,226	(5)
Total equity at 31 December	66,996	-	94	67,090

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

Notes to the Financial Statements

31 December 2010

1 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

This report incorporates the assets and liabilities of all of the entities controlled by oOh!media Group Limited (the 'Company' or 'parent entity') as at 31 December 2010 and the results of all controlled entities for the year then ended. oOh!media Group Limited and its controlled entities together are referred to in this financial report as the 'consolidated entity' or 'Group'. oOh!media Group Limited is a listed public Company, incorporated and domiciled in Australia.

(a) Basis of preparation

(i) Compliance with AIFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated and parent Company financial statements and accompanying notes comply with International Financial Reporting Standards (IFRS).

The financial statements are prepared in Australian dollars in accordance with the historical cost convention.

The Group has recorded a profit of \$7,028,000 for the financial year ending 31 December 2010 (2009: \$4,891,000), has generated positive operating cash flows of \$14,032,000 (2009: \$9,697,000) and at that date has a net current liability position of \$9,031,000 (2009: \$8,276,000). The Directors are of the opinion that the Group will be able to fund future operations through profits arising from continuing operations and anticipate sufficient operating cash flows to be able to meet working capital requirements. The Group also continues to have the support of funding facilities (see note 15) and no assets are likely to be realised for an amount less than the amount recorded in the financial report as at 31 December 2010.

(ii) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2010:

AASB 127 Consolidated and Separate Financial Statements (Amended)

AASB 127 (amended) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as

a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The change AASB 127 (amended) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

This amended Standard had no impact on reported results.

(ii) Accounting standards and interpretations issued but not yet effective

A number of revised accounting standards and interpretations have been issued by the AASB which are not yet effective. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

The revised AASB 9 incorporates the IASB's completed work on Phase 1 of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets and financial liabilities. In addition, the IASB completed its project on derecognition of financial instruments.

The Standard includes requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. AASB 9 (issued in 2009) only included requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 (AASB 139).

The Group will apply the amended standard from 1 January 2013. However there is not expected to be any material impact on any amounts recognised in the financial statements.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project, AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2010-5 Amendments to Australian Accounting Standards (effective from 1 July 2010/1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Group will apply the amendments from 1 January 2011. It does not expect that any adjustments will be necessary as a result of applying the revised rules.

AASB 2010-5 Amendments to Australian Accounting Standards (effective from January 2011)

In October 2010, the AASB made a number of amendments to Australian Accounting Standards. The Group will apply the amendments from 1 January 2011. It does not expect that any adjustments will be necessary as a result of applying the revised rules.

Notes to the Financial Statements

31 December 2010

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of oOh!media Group Limited and its controlled entities as outlined in note 28 ('the Group') as at 31 December each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in controlled entities held by oOh!media Group Limited are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition (see note 1(z)).

(d) Operating segments - see note 2

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Chief Executive Officer.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is oOh!media Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Amounts payable and receivable in foreign currencies are translated to Australian currency at the rates of exchange at the date of the balance sheet. Resulting exchange differences are brought to account in determining the profit or loss for the period.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Media business

Revenue for the placement of advertising is recognised for the specific period the advertisement is displayed. Revenue for media production work is recognised on completion of the assignment.

(ii) Other

Interest revenues are accrued over the period during which they are earned.

(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Financial Statements

31 December 2010

Deferred tax assets and deferred tax liabilities are offset if, and only if:

(i) the entity has a legally enforceable right to set-off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

oOh!media Group Limited and its wholly-owned Australian controlled entities have decided to implement 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.

(h) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair market value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Goodwill is brought to account on the basis described in note 1(p). Business combinations are accounted for on the basis as described in note 1(z).

i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. See note 11.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, bank overdrafts and other working capital facilities.

(k) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from the date of recognition. Collectibility of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(l) Inventories

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Costs comprise direct materials, direct labour, direct third party costs and an appropriate proportion of overheads if relevant.

(m) Financial instruments and other financial assets

(i) Available-for-sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair values are taken directly to equity, unless the losses are significant or prolonged.

(ii) Other financial assets

Financial assets at fair value through profit or loss are so recognised on initial recognition. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Notes to the Financial Statements

31 December 2010

(n) Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis so as to write off the net cost of each item of plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment 3-20 years

Leasehold property and improvements are amortised over the life of the lease or the expected useful life whichever is the shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Compensation from third parties for items of property, plant and equipment that are impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

(o) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all of the risk and benefit incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating lease payments are charged to the income statements in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(p) Intangible assets

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition, including the fair value of shares issued over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill. Goodwill on acquisition of business combinations is not amortised. Instead goodwill is evaluated according to note 1 (i) 'Impairment of Assets' to determine whether its carrying amount exceeds its recoverable amount and hence whether an impairment loss has been incurred and should be recognised.

Goodwill is allocated to the cash generating units of the Group.

(ii) Development costs

Development costs relating to the development of licences or contracts are carried at cost less accumulated amortisation.

Development expenditure is only capitalised if:

- it is probable that future economic benefits that are attributable to the asset will flow to the Group;
- all costs are separately identifiable;
- the Group controls the asset and can restrict the access of others to the benefit; and
- the expenditure arises from development or the development phase of an internal project.

(iii) Licences, Patents, Trademarks and Other

All licences, patents and trademarks are assessed as having either a finite or indefinite useful life.

All items that have been classified as being indefinite lived assets will be impairment tested annually in accordance with note 1(i). All items classified as finite lived assets are amortised over the useful life of the asset.

Regardless of the useful life classification the Directors assess at the end of each reporting period the classification and rates used to ensure appropriateness.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements

31 December 2010

(r) Other financial liabilities and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Employee entitlements

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services to be provided by employees up to the reporting date. In calculating the liability, consideration is given to expected future wage and salary levels, experience of employee departures, periods of service and historical data.

Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Equity based compensation costs

The Company currently engages in the practice of allocating to its employees shares and share options as part of their remuneration packages. Equity based compensation benefits are provided to employees via the oOh!media Group Limited Employee Share Option Plan, as set out in note 20 to the financial statements.

These payments and also payments made to other counterparties in return for goods and services are measured at the more readily determinable fair value of the goods/services or the fair values of the equity instrument.

An expense is recognised for all share based remuneration determined with reference to the fair value of the equity instruments issued. The fair value of equity instruments is calculated using market prices where available, and where market prices are not available using a valuation technique consistent with the Black-Scholes methodology, to estimate the price of those equity instruments in an arm's length transaction between knowledgeable, willing parties. The fair value calculated in accordance with AASB2 is charged against profit over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. This amount is expensed.

Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

(t) Directors' and key management personnel remuneration

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 "Related Party Disclosures" in addition to meeting the requirements set out in clause 4 of the Regulations.

AASB124 defines "key management personnel" as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The Directors consider that the key management personnel of the Company and of the Group are the same people as defined by s300A of The Corporations Act 2001 as Directors and executives.

(u) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts;
- amortisation of ancillary costs incurred with the arrangement of borrowings; and
- finance lease charges.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that would arise from the exercise of options outstanding during the financial period.

(w) Share issue costs

Share issue costs are charged directly against share capital.

Notes to the Financial Statements

31 December 2010

(x) Rounding of accounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of accounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below:

(i) Income taxes

The Group is subject to income taxes. Significant judgement is required in determining the carrying amount of current and deferred tax assets and liabilities. The Group recognises current and deferred tax assets and liabilities based on estimates and predictions of future events, including profit budgets, forecasts and the likelihood of any adverse changes in income tax legislation. The recoupment of tax losses is subject to the Group satisfying legislative requirements particularly the continuity of ownership test and the same business test and complying with the interpretation of those tests by the Australian Taxation Office via its relevant taxation rulings. Where these estimates and predictions differ from the final outcomes of these events, such differences will impact the current and deferred tax assets and liabilities and income tax expense in the periods in which the final outcomes of these events occur. Details of the nature and carrying amount of current and deferred tax assets and liabilities are set out in note 5, 13 and 19.

(ii) Impairment of assets

Note 1(i) sets out the Group's accounting policy regarding testing certain assets for impairment. The calculation of the recoverable amount of these assets requires the use of assumptions including: the probability of lease/licence renewal, the continuity of expected earning capacity of the assets and the discount rates applied to cash flow projections. These assumptions are reviewed for each impairment test carried out and any changes in the assumptions might change the recoverable amounts calculated for these assets.

(z) Business combinations

Acquisitions of controlled entities and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in statement of comprehensive income as income.

Notes to the Financial Statements

31 December 2010

2. Segment information

a) Reportable segments

Identification of reportable segments

The Group has identified its operating segments in accordance with its accounting policy.

The operating segments are identified by management based on the manner in which the product is sold, and the nature of the services provided and the location of the market in which they are provided. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer.

Management has identified two operating segments, that of out-of-home media and experiential marketing. These operating segments have been aggregated into a single reportable segment in accordance with the Group's accounting policy.

The Group is organised in one single reportable segment, that of out-of-home media.

The consolidated entity operated only in Australia in 2009 and 2010.

b) Major customers

The Group's customers are primarily media buying and planning agencies. No one agency constitutes more than 10% of the Group's revenue from continuing operations.

3. Revenue and other income

	Consolidated	
	2010 \$'000	2009 \$'000
Revenue from continuing operations		
Sales revenue		
Sale of media production and services	109,700	86,040
Other income		
Interest income	30	8
Total revenue and other income	109,730	86,048

Notes to the Financial Statements

31 December 2010

4. Items included in profit before income tax

	Consolidated	
	2010 \$'000	2009 \$'000
Profit before income tax includes the following specific expenses:		
Depreciation of plant and equipment	3,715	3,331
Amortisation of intangible assets	591	448
Loss on disposal of non-current assets	-	898
Directors' and employees' superannuation contributions	925	778
Rental expense relating to operating leases:		
Minimum lease payments	749	717
Borrowing costs:		
Interest on bank facilities drawn	2,983	3,278
Present value adjustments and payments in relation to the deferred consideration on the acquisition of Sports & Outdoor Media Pty Limited	2,676	1,391
	5,659	4,669
Share based payments expense-shares		
	-	41
Share based payments expense-options		
	422	-
	422	41

5. Income tax

() Income tax (expense)

Current tax (charge)	(3,874)	(2,296)
Deferred tax (charge)/credit	(744)	602
Overprovision in prior periods	464	100
Net income tax (expense)	(4,154)	(1,594)

Income tax (expense) is attributable to:

(Profit) from continuing operations	(4,154)	(1,594)
Deferred income tax (charge)/credit included in income tax (expense) comprises:		
Increase in deferred tax assets	151	363
(Increase)/decrease in deferred tax liabilities	(895)	239
	(744)	602

Notes to the Financial Statements

31 December 2010

(b) Reconciliation of income tax attributable to the financial year to the prima facie income tax (expense) due on the operating profit

	2010 \$'000	Consolidated 2009 \$'000
Profit from continuing operations before income tax	11,182	6,485
Income tax (expense) calculated at 30% (2009: 30%)	(3,355)	(1,946)
Tax effect of differences:		
Non-deductible expenses	(228)	(80)
Capital raising costs	73	48
Investment allowances	-	233
Over provision in prior periods	464	100
Temporary differences brought to account due to changes in tax legislation	(422)	-
Temporary differences previously not brought to account	(720)	-
Other	34	51
Income tax (expense)	(4,154)	(1,594)

oOh!media Group Limited and its wholly-owned Australian controlled entities 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 sharing agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

The tax consolidated Group has franking credits available for subsequent reporting periods, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax at 31 December 2010, of \$4,911,157 (2009: \$1,764,723).

Notes to the Financial Statements

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6. Auditor's remuneration

	2010 \$	Consolidated 2009 \$
Remuneration of the auditor of the Company for:		
Audit or review of financial reports		
Current year - PKF	200,000	150,000
Prior year - PKF	34,242	21,500
	234,242	171,500
Other services	-	4,500
Other assurance services	20,790	2,100
	255,032	178,100

7. Current assets - Cash and cash equivalents

	\$'000	\$'000
Cash at bank and in hand	6,525	307

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	6,525	307
Bank facilities drawn (see note 15)	(151)	(5,306)
	6,374	(4,999)

Notes to the Financial Statements

31 December 2010

8. Current assets - Trade and other receivables

	2010 \$'000	Consolidated 2009 \$'000
Trade receivables	22,344	18,895
Provision for bad and doubtful debts	(949)	(577)
Net trade receivables	21,395	18,318
Other debtors	1,076	760
Prepayments	1,478	638
	23,949	19,716

Trade receivables ageing

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

	2010 Gross \$'000	Consolidated 2010 Provision \$'000	2009 Gross \$'000	Consolidated 2009 Provision \$'000
Not past due	20,321	-	17,559	(285)
Past due 0-30 days	933	-	883	(169)
Past due 31-60 days	203	(73)	259	(45)
Past due 61-90 days	30	(19)	165	(49)
Past due 90 days+	857	(857)	29	(29)
	22,344	(949)	18,895	(577)

Movement in provisions for bad and doubtful debts

	2010 \$'000	Consolidated 2009 \$'000
Carrying value at 1 January	577	39
Additional provisions made during the year	405	640
Amounts used during the year	(33)	(102)
Carrying value at 31 December	949	577

All credit risks associated with trade receivables have 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 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 21.

Notes to the Financial Statements

31 December 2010

9. Current assets - Inventories

	Consolidated	
	2010 \$'000	2009 \$'000
Work in progress at cost	92	39

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

Leasehold improvements at cost	1,563	1,325
Less: accumulated depreciation	(930)	(706)
	633	619

Plant and equipment at cost	21,899	18,510
Less: accumulated depreciation	(8,251)	(5,966)
	13,648	12,544

Leased plant and equipment at cost	9,724	9,350
Less: accumulated amortisation	(4,217)	(3,070)
	5,507	6,280

Total carrying value at 31 December	19,788	19,443
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Plant and equipment includes additions in the year of assets under construction, at cost	1,100	529
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Assets under construction have not been depreciated during the year.

Movements in carrying amounts	Leasehold improvements \$'000	Plant and equipment \$'000	Leased plant & equipment \$'000	Total \$'000
2010				
Consolidated				
Carrying value at 1 January 2010	619	12,544	6,280	19,443
Additions	238	3,495	374	4,107
Disposals	-	(47)	-	(47)
Depreciation and amortisation expense	(224)	(2,344)	(1,147)	(3,715)
Carrying value at 31 December 2010	633	13,648	5,507	19,788
2009				
Consolidated				
Carrying value at 1 January 2009	843	12,082	7,096	20,021
Additions	-	2,497	256	2,753
Depreciation and amortisation expense	(224)	(2,035)	(1,072)	(3,331)
Carrying value at 31 December 2009	619	12,544	6,280	19,443

Notes to the Financial Statements

31 December 2010

11. Non-current assets - Intangible assets

	Consolidated	
	2010 \$'000	2009 \$'000
Goodwill at deemed cost	10,838	10,838
Licences with definite useful lives, at cost	6,013	5,840
Licences with indefinite useful lives, at cost	83,391	82,114
Less: accumulated amortisation	(1,350)	(925)
Less: impairment loss	(451)	(451)
	87,603	86,578
Computer software at cost	1,043	842
Less: accumulated amortisation	(468)	(405)
	575	437
Total carrying value at 31 December	99,016	97,853
Licences include those in a development stage, at cost	588	592
Licences in development have not been amortised during the year.		

Movements in carrying amounts				
	Goodwill \$'000	Licences \$'000	Computer Software \$'000	Total \$'000
2010				
Consolidated				
Carrying value at 1 January 2010	10,838	86,578	437	97,853
Additions	-	1,450	201	1,651
Amortisation expense	-	(425)	(63)	(488)
Carrying value at 31 December 2010	10,838	87,603	575	99,016

Movements in carrying amounts				
	Goodwill \$'000	Licences \$'000	Computer Software \$'000	Total \$'000
2009				
Consolidated				
Carrying value at 1 January 2009	11,002	87,221	440	98,663
Additions	-	520	53	573
Disposals	(164)	(771)	-	(935)
Amortisation expense	-	(392)	(56)	(448)
Carrying value at 31 December 2009	10,838	86,578	437	97,853

Notes to the Financial Statements

31 December 2010

Intangible assets other than goodwill have definite or indefinite lives. Intangible assets having indefinite useful lives comprise outdoor media asset leases, licences and contracts. Management have assessed the useful lives of these leases, 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 useful lives of the leases, licences and contracts are not definite;
- The leases, licences and contracts may be renewed at little or no cost;
- The leases, licences and contracts may have been renewed in the past;
- The presence (or lack thereof) of any compelling challenge to the lease, licence and contract renewals;
- The intention to renew the leases, licences and contracts and the Group's ability to do so; and
- The probability of the leases, licences and contracts contributing to the Group's net cash inflows indefinitely.

Impairment tests for cash generating units containing goodwill and intangible assets with indefinite useful lives

(i) Cash generating units (CGUs)

CGUs fall into one of the following categories, which are based upon the degree to which the cash flows from a group of assets are independent from other assets or groups of assets:

- groups of outdoor media asset leases, licences and contracts, to the extent that they are the smallest identifiable group of outdoor media assets that generate those cash flows; and

- businesses, to the extent that they are the smallest identifiable group of outdoor media assets that generate those cash flows. This would generally happen in the case of a business combination that is run independently from the rest of the Group's operations and cash flows cannot be allocated to individual outdoor media assets or group of assets.

In assessing the independence of the cash flows from assets, management considers in particular how revenue is generated and recorded, and how management makes commercial decisions based upon the cash flows and results of the impairment tests conducted.

CGUs for impairment testing have been identified as

- media asset property leases and contracts;
- retail media asset licenses and contracts; and
- the Sports and Outdoor Media Pty Ltd business.

Goodwill acquired through business combinations and intangible licences have been allocated to these CGUs.

(ii) Carrying amount of goodwill and intangible assets with indefinite useful lives allocated to each CGU

The carrying amounts of goodwill and intangible assets with indefinite useful lives allocated to each of the CGUs are set out below.

Consolidated 2010				
	Property leases \$'000	Retail media asset licences \$'000	Sports and Outdoor Media Pty Ltd \$'000	Total \$'000
Carrying amount of goodwill	8,387	2,451	-	10,838
Carrying amount of leases, licences and contracts with indefinite lives	17,075	24,845	41,471	83,391

Consolidated 2009				
	Property leases \$'000	Retail media asset licences \$'000	Sports and Outdoor Media Pty Ltd \$'000	Total \$'000
Carrying amount of goodwill	8,387	2,451	-	10,838
Carrying amount of leases, licences and contracts with indefinite lives	15,561	25,082	41,471	82,114

Notes to the Financial Statements

31 December 2010

(iii) Recoverable amount of CGUs

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use 1 to 5 year cash flow projections based on financial budgets prepared and approved by management. Cash flows beyond the financial budgets are extrapolated using estimated growth rates, as set out below.

(iv) Key assumptions used in value in use calculations for the CGUs for goodwill and intangible assets with indefinite useful lives

The calculation for value in use for outdoor media asset businesses and licences and contracts includes the following assumptions:

Discount rates

The pre-tax discount rates applied to cash flow projections is the range from 16.2% p.a. to 20.7% p.a. (2009: 16.0% p.a. to 21.2% p.a.). These discount rates are consistent with past experience and external sources of information.

Expected licence/contract tenure

This is the expected time that each CGU is expected to deliver economic benefit to the entity and is in the range from 10 to 60 years, which is not materially different from using a terminal value in the value in use calculations. The range used for the Sports and Outdoor Media Pty Ltd business is 60 years.

Contribution

Contribution is the economic benefit expected to flow to the entity from each CGU.

Growth rate

Growth rate is the annual percentage increment in contribution. Management determines this with regard to expected inflation, industry and demand growth rates over the expected licence/contract tenures of each cash generating unit. The contribution growth rates applied to all CGUs are in the range from 0.0% p.a. to 3.0% p.a. The growth rate used for the Sports and Outdoor Media Pty Ltd business is 3.0% p.a.

(v) Sensitivity to changes in assumptions

Management believe that any possible changes in any of the above key assumptions would not cause the carrying value of each cash generating unit to exceed materially its fair value.

12. Non-current assets - other financial assets

	Consolidated	
	2010 \$'000	2009 \$'000
Available-for-sale financial assets		
Unlisted equity securities at fair value	413	516
Total carrying value of other financial assets	413	516

Notes to the Financial Statements

31 December 2010

13. Deferred tax assets

	Consolidated	
	2010 \$'000	2009 \$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in statement of comprehensive income		
Employee benefits	362	284
Provisions for doubtful debts	272	173
Legal costs of a capital nature	150	201
Accruals & sundry items	107	69
Total amounts recognised in statement of comprehensive income	891	727
Amounts recognised directly in equity		
Capital raising expenses	141	43
Set-off of deferred tax liabilities pursuant to set-off provisions (see note 19)	(1,032)	(770)
Net deferred tax assets	-	-
Movements		
At 1 January	-	-
Credited to the statement of comprehensive income	151	363
Credited/(debited) to equity	100	(46)
Set-off of deferred tax liabilities pursuant to set-off provisions (see note 19)	(251)	(317)
At 31 December	-	-

Notes to the Financial Statements

31 December 2010

14. Current liabilities - Trade and other payables

		Consolidated
	2010	2009
	\$'000	\$'000
Trade payables	4,095	2,708
Other payables	11,223	8,509
	15,318	11,217

Trade payables are unsecured and non interest-bearing.

15. Current liabilities - Borrowings

Bank facilities drawn	151	5,306
Lease liabilities (see note 25)	1,861	1,943
Commercial bill line	2,800	2,800
	4,812	10,049

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

Working capital facility / bank overdraft	15,000	15,000
Commercial bill line	22,450	25,250
Equipment finance revolving facility	6,000	6,000
Total facilities	43,450	46,250

Used at 31 December:

Working capital facility	151	5,306
Commercial bill line	22,450	25,250
Equipment finance revolving facility	3,526	5,138
	26,127	35,694

The working capital and the commercial bill facilities may be drawn at any time and are reviewed annually by the bank. 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 21.

Notes to the Financial Statements

31 December 2010

16. Current liabilities - Provisions

	Consolidated	
	2010 \$'000	2009 \$'000
Employee entitlements (see note 26)	452	371
Movements in provisions		
Carrying value at 1 January	371	307
Additional provision recognised	564	353
Unused amounts reversed during the year	(40)	(14)
Amounts used during the year in respect of employee entitlements paid	(443)	(275)
Carrying value at 31 December	452	371

17. Non-current liabilities - Borrowings

Lease liabilities (see note 25)	1,665	3,195
Commercial bill line (see note 15)	19,650	22,450
Less: Costs of facilities	(68)	(129)
	21,247	25,516

Notes to the Financial Statements

31 December 2010

18. Non-current liabilities - Provisions

	2010 \$'000	Consolidated 2009 \$'000
Employee entitlements (see note 26)	755	575
Movements in provisions		
Carrying value at 1 January	575	568
Additional provision recognised	232	16
Unused amounts reversed during the year	(5)	(1)
Amounts used during the year in respect of employee entitlements paid	(47)	(8)
Carrying value at 31 December	755	575

19. Non-current liabilities - Deferred tax liabilities

The balance comprises temporary differences attributable to:

Amounts recognised in statement of comprehensive income

Intangible assets	1,179	874
Finance leased assets	594	342
Deferred consideration on acquisition of Sports & Outdoor Media Pty Ltd	352	-
Set-off of deferred tax assets pursuant to set-off provisions (see note 13)	(1,032)	(770)
Net deferred tax liabilities	1,093	446

Movements

At 1 January	446	1,002
Charged/(credited) to the statement of comprehensive income	898	(239)
Set-off of deferred tax assets pursuant to set-off provisions (see note 13)	(251)	(317)
At 31 December	1,093	446

Notes to the Financial Statements

31 December 2010

20. Contributed equity

(a) Issued and paid up capital

	Consolidated and parent entity			
	2010 No. of securities	2009	2010 \$'000	2009 \$'000
Ordinary shares issued and fully paid	438,120,012	370,977,155	79,547	66,996
Options outstanding at 31 December	23,000,000	-		

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

Date	Details	Number of Shares	\$'000	Number of Options	\$'000
1 January 2009		370,977,155	67,001	22,005,000	1,226
31 May 2009	Options Lapsed	-	-	(2,005,000)	(141)
30 June 2009	Options lapsed	-	-	(20,000,000)	(1,085)
30 June 2009	Share based payments expense	-	41*	-	-
31 December 2009	Deferred tax debit recognised directly in equity	-	(46)	-	-
31 December 2009		370,977,155	66,996	-	-
31 March 2010	Shares issued in consideration for the acquisition of Sports and Outdoor Media Pty Ltd	10,000,000	1,046	-	-
18 June 2010	Options issued	-	-	13,500,000	322
21 June 2010	Options issued	-	-	9,500,000	100
6 December 2010	Shares issued	57,142,857	11,405	-	-
31 December 2010	Deferred tax credit recognised directly in equity	-	100	-	-
31 December 2010		438,120,012	79,547	23,000,000	422

*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 were subject to escrow for a period of 3 years from the date of issue, and were subject to forfeiture if Mr Cook's employment with the Company was terminated for any cause or Mr Cook resigned 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 was expensed over the vesting period. The share based payment expense recognised for 2010 was \$nil (2009: \$40,954). The fair value of Mr Brendon Cook's shares was 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.

Notes to the Financial Statements

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The assessed fair value at grant date of options, calculated in accordance with AASB2 Share Based Payments, granted to Directors and key management personnel is allocated equally over the period from grant date to vesting date, and the amounts are disclosed in the remuneration tables. Fair values are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term and expected life of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Inputs into the model used are set out below:

Dividend yield: 0%

Expected volatility: 60%

Risk-free interest rate: 5.60%

Expected life of options: 2.8 to 5 years

These inputs are reviewed and updated for each and every grant of options.

21. Financial instruments and financial risk management

(a) Risks arising from financial instruments

The Group 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 Group 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 Group 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 Group 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 Group 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 Group's transactions and the Group's related risk management policies, are set out below.

Market Risks

(i) 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.

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

Notes to the Financial Statements

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Cash flow interest rate risk arises mainly from borrowings that attract variable interest rates. Working capital facilities attract a variable interest rate. The Group 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 deferred consideration for the acquisition of Sports and Outdoor Media Pty Ltd has associated fixed borrowing costs.

The Group 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 each class of asset and liability and respective interest rate exposures are set out below and in note 15.

All other assets and liabilities are non-interest bearing.

The tables below analyse the Group's financial liabilities including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Consolidated 2010	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
Financial Assets						
Variable interest rates						
Cash assets	5,625	-	-	-	-	5,625
	5,625	-	-	-	-	5,625
Financial Liabilities						
Variable interest rates						
Working capital facility	151	-	-	-	-	151
Commercial bill lines	3,262	4,892	-	-	-	8,154
Fixed interest rates						
Commercial bill lines	1,482	16,112	-	-	-	17,594
Finance lease liabilities (see note 25)	2,076	1,237	368	110	58	3,849
	6,971	22,241	368	110	58	29,748
Deferred consideration for the acquisition of Sports and Outdoor Media Pty Ltd	18,630	-	-	-	-	18,630

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31 December 2010

Consolidated 2009	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
Financial Assets						
Variable interest rates						
Cash assets	307	-	-	-	-	307
	307	-	-	-	-	307
Financial Liabilities						
Variable interest rates						
Working capital facility	5,306	-	-	-	-	5,306
Commercial bill lines	3,168	3,295	4,856	-	-	11,319
Fixed interest rates						
Commercial bill lines	1,482	1,482	16,112	-	-	19,076
Finance lease liabilities (see note 25)	2,300	2,019	1,166	271	18	5,774
	12,256	6,796	22,134	271	18	41,475
Deferred consideration for the acquisition of Sports and Outdoor Media Pty Ltd	6,575	19,790	435	-	-	26,800

Sensitivity Analysis

The table below sets out the effect on profit after tax and equity 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 likely to increase 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.

	Consolidated			
	Net Profit		Equity	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
If interest rates were higher by 1% p.a. with all other variables held constant - increase/(decrease)	(49)	(109)	(49)	(109)
If interest rates were lower by 1% p.a. with all other variables held constant - increase/(decrease)	49	109	49	109

Notes to the Financial Statements

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(ii) 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 (2009: \$36,000). A corresponding decrease in profit after tax and equity would occur if prices were lower by 10%.

(iii) 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.

(iv) 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 Group 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.

(v) Liquidity Risk

Liquidity risk is the inherent risk that the Group 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 Group's liquidity risks. The practices in place to manage these risks are:

- ongoing cash flow forecasting is 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 above.

(vi) Capital Risk Management

The Group's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, fund growth with new debt or sell assets to reduce debt.

(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.

Notes to the Financial Statements

31 December 2010

(c) Derivative financial instruments and hedging activities

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

(d) Breaches

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

22. Key management personnel disclosures

Total remuneration for Directors and key management personnel

	2010 \$	Consolidated 2009 \$'000
Short-term employment benefits	3,523,707	2,978,367
Post employment benefits	71,043	99,261
Share-based payments	407,521	40,954
	4,002,271	3,118,582

Detailed remuneration disclosures are provided in the Remuneration Report.

Shareholdings and Optionholdings of Directors and key management personnel

The number of ordinary shares in the Company held during the financial year by Directors and key management personnel, including their personally related entities are set out below.

Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at end of the year
Non-executive Directors				
Mr Brian Bickmore	90,000	-	40,000	130,000
Mr Graham Jones, Chairman	100,541	-	-	100,541
Mr David Standen	-	-	-	-
Mr Geoffrey Wild AM	-	-	-	-
Executive Directors				
Mr Christopher Bregenhoj	13,650,000	-	-	13,650,000
Mr Brendon Cook	11,559,250	-	-	11,559,250
Total Directors	25,399,791	-	40,000	25,439,791
Other key management personnel				
Mr Noel Cook	500,000	-	(500,000)	-
Mr Michael Egan	400,500	-	-	400,500
Mr John O'Neill	18,500,000	-	(13,500,000)	5,000,000
Mr Malcolm Pearce	-	-	-	-
Mr Simon Yeandle	676,528	-	-	676,528
Total other key management personnel	20,077,028	-	(14,000,000)	6,077,028

Notes to the Financial Statements

31 December 2010

Options provided as remuneration

The number of options over ordinary shares in the Company held by, and provided as remuneration to, Directors and key management personnel including their personally related entities, during the financial year, are set out below.

Holder	Grant date	Vesting date	Expiry date	Exercise price	Fair value of each option at grant date	Outstanding at 1 January 2010	Issued during the year	Lapsed / exercised during the year	Outstanding at 31 December 2010
Non-executive Directors									
Mr Brian Bickmore	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Mr Graham Jones, Chairman	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Mr David Standen	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Mr Geoffrey Wild	21 May 2010	21 May 2010	20 May 2015	\$0.12	\$0.069	-	750,000	-	750,000
Executive Directors									
Mr Christopher Bregenhoj	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	1,500,000	-	1,500,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	1,500,000	-	1,500,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	1,500,000	-	1,500,000
Mr Brendon Cook	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	2,000,000	-	2,000,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	2,000,000	-	2,000,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	2,000,000	-	2,000,000
Total Directors						-	13,500,000	-	13,500,000
Other key management personnel									
Mr Noel Cook	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	200,000	-	200,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	200,000	-	200,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	200,000	-	200,000
Mr Michael Egan	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	200,000	-	200,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	150,000	-	150,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	150,000	-	150,000
Mr John O'Neill	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	1,700,000	-	1,700,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	1,700,000	-	1,700,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	1,600,000	-	1,600,000
Mr Malcolm Pearce	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	200,000	-	200,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	200,000	-	200,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	200,000	-	200,000
Mr Simon Yeandle	21 May 2010	21 May 2012	20 May 2015	\$0.12	\$0.067	-	350,000	-	350,000
	21 May 2010	21 May 2013	20 May 2015	\$0.12	\$0.058	-	350,000	-	350,000
	21 May 2010	21 May 2014	20 May 2015	\$0.12	\$0.050	-	300,000	-	300,000
Total other key management personnel						-	7,700,000	-	7,700,000

Notes to the Financial Statements

31 December 2010

23. Cash flow information

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

	Consolidated	
	2010 \$'000	2009 \$'000
Profit on ordinary activities after income tax	7,028	4,891
Depreciation and amortisation	4,306	3,779
Non-cash employee benefits expense - employee entitlements	306	15
Share based payments expense	422	41
Non-cash borrowing costs	1,193	321
Loss on disposal of non-current assets	-	898
(Increase) in trade debtors	(3,146)	(2,149)
(Increase) in other operating assets	(1,182)	(353)
Decrease in tax assets and liabilities	224	436
Increase in trade creditors	1,386	267
Increase in other operating liabilities	3,495	1,551
Net cash inflow from operating activities	14,032	9,697

(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 (see note 7)	6,525	307
Bank facilities drawn (see note 15)	(151)	(5,306)
	6,374	(4,999)

(c) Non-cash financing and investing activities

	Consolidated	
	2010 \$'000	2009 \$'000
Acquisition of plant and equipment by means of finance leases	375	256

24. Contingencies

At 31 December 2010, the Group has issued bank guarantees in respect of property leases and contracts totalling \$1,913,773 (2009: \$2,371,668). 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 2009 and 31 December 2010.

Notes to the Financial Statements

31 December 2010

25. Capital and lease commitments

(a) Capital commitments

At 31 December 2010 the Group had no capital expenditure contracted for.

(b) Lease commitments

	Consolidated	
	2010 \$'000	2009 \$'000
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
- within one year	24,979	20,964
- later than one year but not later than 5 years	48,098	51,493
- later than 5 years	5,151	9,679
Commitments not recognised in the financial statements	78,228	82,136
 Operating lease commitments include minimum contracted payments in relation to non-cancellable out-of-home media asset leases, licences and contracts.		
Finance leases		
Commitments in relation to finance leases are payable as follows:		
- within one year	2,076	2,300
- later than one year but not later than 5 years	1,774	3,474
- later than 5 years	-	-
Minimum lease payments	3,850	5,774
Less: future finance charges	(324)	(636)
Recognised as a liability	3,526	5,138
 Representing lease liabilities:		
Current (see note 15)	1,861	1,943
Non-current(see note 17)	1,665	3,195
	3,526	5,138

The weighted average interest rate implicit in the leases is 8.6% p.a. (2009: 8.9% p.a.). The rental commitments represent fixed portions of long-term rental contracts. The Directors believe that the associated future revenue streams will be sufficient to cover these commitments.

Notes to the Financial Statements

31 December 2010

26. Employee benefits

	Consolidated	
	2010 \$'000	2009 \$'000
Employee benefits and related on-costs liabilities		
Provision for employee benefits - current (see note 16)	452	371
Provision for employee benefits - non-current (see note 18)	755	575
Aggregate employee benefits and on-costs liabilities	1,207	946
Employee numbers		
Number of employees at the reporting date	129	105

27. Related party transactions

(a) Wholly owned Group

The wholly owned Group consists of oOh!media Group Limited and its wholly owned controlled entities, listed in note 28.

Transactions between oOh!media Group Limited and other entities within the wholly owned Group during the year ended 31 December 2010 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

(b) Other transactions with Directors and key management personnel

There were no other transactions with Directors or key management personnel, other than those disclosed in the Remuneration Report.

Notes to the Financial Statements

31 December 2010

28. Investments in controlled entities and business combinations

	Country of incorporation	Class of shares	Effective equity holding	
			2010	2009
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 and Outdoor Media Pty Ltd	Australia	Ordinary	100%	100%

(a) Acquisition of controlled entities

(1)

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 Group would acquire the whole of the issued share capital of Sports & Outdoor Media Pty Limited in two stages. The first stage would 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 was 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 shares in oOh!media Group Limited at the vendor's discretion. The second instalment was a contractual commitment and was expected to be funded by a mixture of debt and equity. In addition, the Group would 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.

On 16 November 2009, the Company announced that it had finalised negotiations to extend the date of final payment for Sports and Outdoor Media Pty Limited to 31 December 2011, with the right for early repayment. Under the new agreement, the Group extended the final instalment to 31 December 2011, for the issue of \$1.2 million in shares if the outstanding amount was not paid by 31 December 2009, and a further payment of \$1.2 million in cash if the final instalment was not met by 31 March 2010. The company also announced that as per the original acquisition agreement, deferred consideration of \$2.3 million in cash and 10 million oOh!media shares for achieving the performance criteria would be settled by 31 March 2010.

On 31 January 2011, the Company announced it had made the final payment for its Sports and Outdoor Media Pty Ltd acquisition earlier than the contracted date, following its recent successful capital raising. Under the early settlement agreement, \$18.5 million was paid to the vendor, consisting of \$4.2 million in ordinary shares at 20 cents per share and \$14.3 million in cash for the balance of the deferred consideration. There are no further payments to be made in respect of this acquisition.

(2)

On 9 December 2010, the Company completed the acquisition of the outdoor advertising assets of the NSW-based outdoor advertising business Prime Positions for a consideration of \$1.65 million, paid in cash on completion. It is not practicable to disclose separately the acquiree's profit or loss included in the company's profit for the year since the date of acquisition, or as if the acquisition occurred on 1 January 2010, because all the acquired business assets have been integrated into the Company's operations.

Notes to the Financial Statements

31 December 2010

Details of the acquisitions are as follows:

	2010 Out-of-home advertising businesses		2009 Out-of-home advertising businesses	
	\$'000	Total \$'000	\$'000	Total \$'000
Aggregate fair value of assets acquired and liabilities assumed				
Plant and equipment	313	313	-	-
Intangible assets	1,337	1,337	-	-
Total fair value of assets acquired and liabilities assumed	1,650	1,650	-	-

Settled by:

Cash paid in current year	1,650	1,650	-	-
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Carrying amount of assets acquired and liabilities assumed immediately before the combination

Plant and equipment	313	313	-	-
Intangible assets	1,337	1,337	-	-
Total carrying amount of assets acquired and liabilities assumed immediately before the combination	1,650	1,650	-	-

	Consolidated	
	2010 \$'000	2009 \$'000
Outflow of cash to acquire controlled entities or businesses net of cash acquired		
Cash consideration paid in current year (see Statement of Cash Flows)	(5,600)	(1,446)
Total	(5,600)	(1,446)

29. Events occurring after the reporting date

(a) Following the passing of two resolutions at a meeting of the Company's shareholders on 14 January 2011:

the issue of 57,142,857 ordinary shares in the Company on 6 December 2010, at 21 cents per share, raising \$12 million, was ratified; and a further issue of 42,105,263 ordinary shares in the Company at 19 cents per share, raising a further \$8 million, was approved.

(b) On 31 January 2011, the Company announced it had made the final payment for its Sports and Outdoor Media Pty Ltd acquisition. See note 28 for details.

As at 31 March 2011 there were no other matters to report after the reporting date.

Notes to the Financial Statements

31 December 2010

30. Authorisation for issue

The financial report of oOh!media Group Limited for the year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Directors on 31 March 2011.

31. Earnings per share

	2010 cents	Consolidated 2009 cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company		
Basic earnings per share	1.8	1.3
Diluted earnings per share	1.8	1.3

The earnings used to calculate the basic earnings per share from continuing operations are \$7,028,000 (2009: \$4,891,000) 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 \$7,077,000 (2009: \$4,891,000) being the profit from continuing operations attributable to the ordinary equity holders of the Company.

Earnings per share for profit attributable to the ordinary equity holders of the Company

Basic earnings per share	1.8	1.3
Diluted earnings per share	1.8	1.3

The earnings used to calculate the basic earnings per share are \$7,028,000 (2009: \$4,891,000) being the profit attributable to ordinary equity holders of the Company.

The earnings used to calculate the diluted earnings per share are \$7,028,000 (2009: \$4,891,000) being the profit attributable to the ordinary equity holders of the Company.

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	382,425,296	370,977,155
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	383,014,537	370,977,155

Options

Options exercisable at less than the average market price for ordinary shares are considered dilutive in the calculation of potential ordinary shares. The number of potential ordinary shares deemed to have been issued and included in the determination of diluted earnings per share is 589,241 (2009: nil).

Notes to the Financial Statements

31 December 2010

32. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following amounts:

	Parent Entity	
	2010 \$'000	2009 \$'000
Current Assets	3,530	116
Non-Current Assets	95,308	95,056
Total Assets	98,838	95,172
Current Liabilities	5,213	11,437
Non-Current Liabilities	39,612	38,230
Total Liabilities	44,825	49,667
Net Assets	54,013	45,505
Equity		
Contributed equity - share capital	79,547	66,996
Reserves	422	-
(Accumulated losses)	(25,956)	(21,491)
Total Equity	54,013	45,505
Profit and total comprehensive income for the year	(4,465)	(1,632)

(b) Guarantees entered into by the parent entity

At 31 December 2010, the parent entity has provided financial guarantees on behalf of controlled entities in respect of property lease and contracts totalling \$489,355 (2009: \$489,355). These are not expected to be drawn on at any time and are returnable upon lease and contract termination.

The parent entity has also provided financial guarantees in respect of bank facilities, secured by a fixed and floating charge over all the assets of the Group.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2010 or 31 December 2009.

(d) Commitments for expenditure

The parent entity did not have any capital expenditure or lease commitments contracted for as at 31 December 2010 or 31 December 2009.

Directors' Declaration

The Directors of oOh!media Group Limited declare that:

- (a) in the Directors' opinion the financial statements and notes set out on pages 24 to 61 and the Remuneration report in the Directors' Report set out on pages 19 to 14, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2010 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2010.

Signed in accordance with a resolution of the Directors.



Christopher Bregenhoj
Director 31 March 2011



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of **cOH!media Group Limited** for the year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of **cOH!media Group Limited** and the entities it controlled during the year.

PKF

Paul Bull
Partner

31 March 2011
Sydney

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Entity listed by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OOH!MEDIA GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of oOh!media Group Limited, which comprises the balance sheet as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of the consolidated entity comprising oOh!media Group Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Chartered Accountants
& Business Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of *eOhlmedia Group Limited* is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of *eOhlmedia Group Limited* for the year ended 31 December 2010, complies with section 300A of the *Corporations Act 2001*.

PKF

Paul Bull
Partner

31 March 2011
Sydney

Shareholder Information

Shareholder Information

The shareholder information set out below is applicable as at 21 March 2011.

(a) Distribution of equity securities

Analysis of number of equity security holders by size of holding:

Range of security holdings	Number of security holders	
	Ordinary shares	Options
1 - 1,000	69	-
1,001 - 5,000	491	-
5,001 - 10,000	146	-
10,001 - 100,000	200	-
100,001 and over	53	14
Total number of security holders	959	14

103 shareholders hold less than a marketable parcel of shares.

(b) Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares %
Hub X Pty Ltd	135,752,944	27.08
Cavendish Square Holding BV	119,000,000	23.74
PFG Investments Pty Ltd	69,574,373	13.88
William Shaw Capital Pty Limited	52,105,263	10.40
Mr Ray Balcomb	21,000,000	4.19
RP Prospects Pty Limited	17,110,000	3.41
Steel Price Superannuation Fund	13,650,000	2.72
JP Morgan Nominees Australia Limited	11,445,522	2.28
SmallCo Investment Manager Ltd	10,055,402	2.01
Mrs Debra Cook	8,000,000	1.60
Spencer Street Super Pty Ltd	7,325,000	1.46
Mr John O'Neill	5,000,000	1.00
National Nominees Limited	4,516,641	0.90
Mr Brendon Cook	2,500,000	0.50
Bond Street Custodians Ltd	2,182,549	0.44
RBC Dexia Investor Services Australia Nominees Pty Ltd	1,523,788	0.30
Mr Arthur Gleeson	1,500,000	0.30
Mr Mark Andrew Dorney	1,134,096	0.23
147 049 938 Pty Ltd	800,000	0.16
Yeandle Superannuation Fund	676,528	0.12
Top 20 holders of ordinary shares as at 18 March 2010	484,852,106	96.72

Shareholder Information

Name	Number on issue	Number of holders
Unquoted equity securities		
Options issued to take up ordinary shares	23,000,000	14

(c) Substantial holders of equity securities

Substantial holders of equity securities in the Company are set out below:

Name	Number of ordinary shares held	Percentage %
Hub X Pty Ltd	135,752,944	27.08
Cavendish Square Holding BV	119,000,000	23.74
PFG Investments Pty Ltd	69,574,373	13.88
William Shaw Capital Pty Limited	52,105,263	10.40

(d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Corporate Directory

Registered Office

Level 6

165 Walker Street

North Sydney NSW 2060

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Company Secretary

Michael Egan

Share Registry

Computershare Investor Services Pty Limited

452 Johnston Street

Abbotsford VIC 3000

t. +61 (3) 9611 5711

Stock Exchange Listing

oOh!media Group Limited shares and options are listed
on the Australian Stock Exchange (code: OOH)

