ANNUAL REPORT 2016

oOh!media Limited ACN 602 195 380 ASX:OML

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Corporate Directory

Principal registered office

Level 2, 76 Berry Street
North Sydney NSW 2060 Ph: +61 2 9927 5555

Share register

Link Market Services Limited
Level 12,
680 George Street
Sydney NSW 2000
Ph: 1300 554 474

Auditors

KPMG
Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Westpac Banking Corporation
National Australia Bank

Stock exchange listing

The shares of oOh!media Limited are listed by ASX Ltd on the Australian Securities Exchange trading under the ASX Listing Code "OML".

Website

www.oohmedia.com.au

The Annual Report was authorised for issue, in accordance with a resolution of the Directors.
The Directors have the power to amend and reissue the Annual Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. Our Corporate Governance Report, all media releases, financial reports and other information are available at the Investors section of our website: www.oohmedia.com.au.

CY2016: The Numbers

Our purpose is to create deep engagement between people and brands through Unmissable location based media.

In delivering on our purpose, some of the milestones we achieved for the year ended 31 December 2016 (CY2016) include:

Financial

REVENUE
$336.1 MILLION | 20.1% GROWTH

Digital **REVENUE**
$153.3 MILLION | 71.7% GROWTH

Underlying **EBITDA**[1]
$73.5 MILLION | 27.4% GROWTH

Underlying **NPATA**[2]
$35.6 MILLION | 24.8% GROWTH

NPAT
$21.5 MILLION | 16.8% GROWTH

Strategic

3 ACQUISITIONS AND INTEGRATIONS
Cactus Imaging | ECN | JUNKEE MEDIA

PROPOSED MERGER WITH APN OUTDOOR
APN OUTDOOR

Grew digital screens to 8,000+ (CY2015: 5,000+)

Total signs of 22,000+ across Australia and New Zealand

1. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure. This is included in management reports reviewed by the Group's chief operating decision maker (the Board).
2. Net profit after tax before acquired amortisation (after tax) and non-cash items such as impairments. The Directors believe Underlying NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions undertaken during historical periods which resulted in higher than normal amortisation, which represents a non-cash charge.

Company Overview

oOh!media Limited (the Company) is a leading diversified Out Of Home and online media company in Australia and New Zealand. The Company offers advertisers the platform to create deep engagement with audiences through its diverse portfolio of physical assets, linked to online, mobile and social media.

oOh!media's systems, including leading research, data and analytics, allow the Company to provide clients with audience insights to better target and deliver campaigns that generate engagement and brand awareness.

The Company continues to execute on its strategy, which has delivered strong revenue growth and provides the framework to build a diversified, audience-led digital advertising platform.

oOh!media's portfolio of premium assets across classic, digital and online formats commands the attention of audiences in metropolitan and regional locations across a wide range of environments, as shown in the diagram below.

Our Performance

oOh!media achieved strong operational and financial outcomes for CY2016, a testament to the strategy and direction set by management and the Board and the significant contribution of its employees.

At an operational level, digital expansion continued across key environments. oOh!media continues to recognise and take advantage of the opportunities to digitise assets and build a diversified portfolio of products and environments.

The fast pace of digitisation has seen a number of digital targets achieved during CY2016, forecast to be achieved by the end of 2018. Pleasingly, there continues to be a long pipeline of opportunities to convert premium assets to digital and to continue building the oOh!media portfolio.

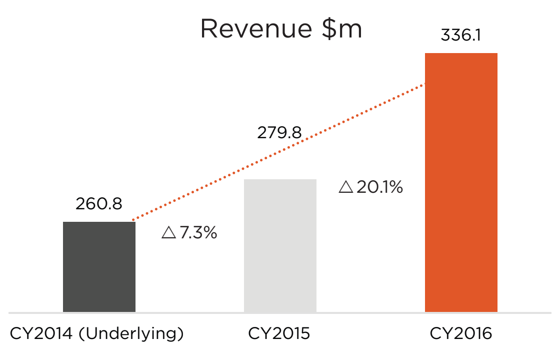
The Company also announced and completed another three acquisitions, in line with its strategy to expand audiences and build business capability that can be leveraged across the business. The most significant strategic announcement was made in December 2016, with the proposal to merge oOh!media with APN Outdoor Group Limited (APN Outdoor) to create a leading diversified Out Of Home and online media group.

Financially, CY2016 was another year of solid revenue and earnings growth, driven by the continued digitisation of assets, a strong and diversified portfolio and the integration of Inlink, acquired in CY2015.

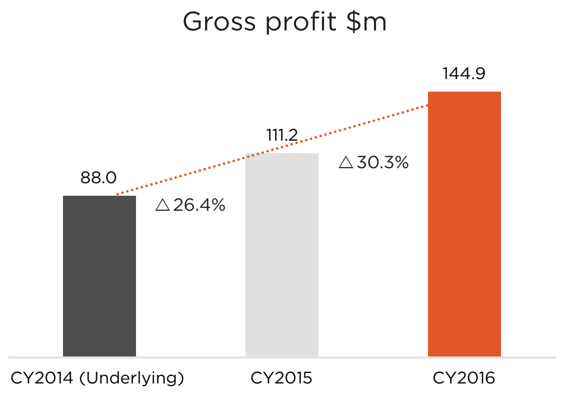
All products recorded revenue growth during CY2016 with double-digit percentage increases achieved across Road, Retail, Locate by oOh! and NZ. This demonstrates the value of creating an audience-led portfolio across multiple environments. oOh!media continues to enjoy the benefits of its diversified portfolio as advertisers become increasingly aware of the benefits of linking oOh!media's physical assets with online, mobile and social media. The portfolio is also supported by significant investment in our people and capabilities.

Capital expenditure increased during the second half of CY2016, and it is expected that the increased spend in digitising assets and developing our systems will continue to have a positive impact on revenue and earnings going forward.

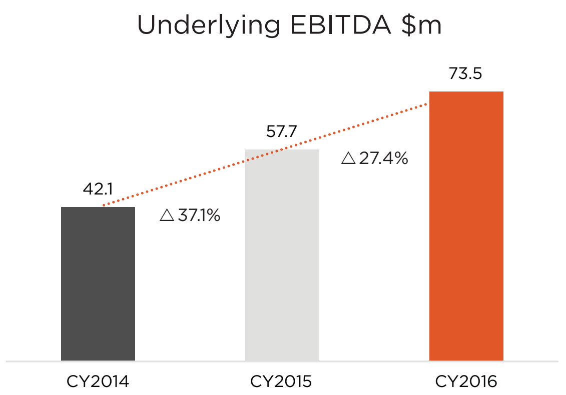
The Board declared a final and fully franked dividend of 10.0 cents per share.



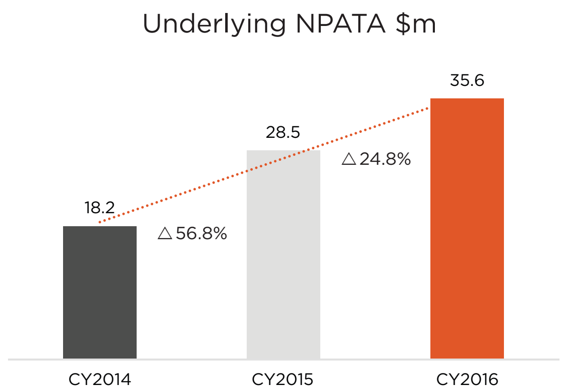
- Revenue of $336.1m, up 20.1% on CY2015.
- Double-digit percentage growth across Road, Retail, Locate by oOh! and NZ.
- Strong performance reflects full year impact of digital assets rolled out in CY2015 and new additions in CY2016.
- Inlink performed ahead of expectations with over 50.0% media revenue growth.
- Overall business achieved 11.0% revenue growth excluding the full year impact of Inlink and the CY2016 acquisitions.



- Gross profit of $144.9m, up 30.3% on CY2015, driven by strong performances in Road and Locate by oOh!.
- Gross profit margin of 43.1% (CY2015: 39.7%).
- Expansion in absolute dollars across all products.
- Increased benefits of scale and investments in Locate by oOh! business were key drivers of this performance.



- Underlying EBITDA of $73.5m, up 27.4% on CY2015.
- Underlying EBITDA margin expansion of 21.9% (CY2015: 20.6%).
- Increase in operating expenditure driven by Inlink, subsequent acquisitions and investments in the Company's capabilities, in line with growth strategies.



- Underlying NPATA of $35.6m, up 24.8% from CY2015.
- Underlying NPATA margin expansion of 0.4 percentage points to 10.6% during CY2016 from the result of increased scale based profitability.

Underlying EBITDA and NPATA reflect adjustments for certain non-operating items including impairment and acquisition-related expenses. Management believes Underlying provides a better representation of financial performance in the ordinary course of business. Underlying represents the same concept as pro forma in the 2015 Annual Report.

Non-operating items of $3.3m was incurred for CY2016 and have been excluded from Underlying pre-tax profit numbers. Non-operating items mainly consist of acquisition costs, due diligence costs associated with the proposed APN Outdoor merger, and insurance proceeds relating to claims from prior periods.

Inclusive of non-operating items, oOh!media delivered:

- EBITDA of $70.3m, up 24.2% from CY2015.
- NPATA of $32.9m, up 18.8% from CY2015, and includes the after tax-effect of non-operating items.

Operational Highlights

During CY2016, oOh!media continued to deliver on its strategy to achieve strong revenue and profit growth. Key highlights include:

1. Diversity of audience and product	• Integration and growth of Inlink. • Acquisition and integration of Executive Channel Network (ECN) to extend CBD office audience. • Acquisition and integration of Junkee Media to further expand content capabilities, additional online platforms and offer advertisers a targeted millennial audience. • Expansion of Melbourne Airport advertising rights to include mobile, online and Wi-Fi.
2. Strong maturity profile	• Contracts due for renewal in any calendar year to the end of 2020 no greater than 21.0% with 16.2% up for renewal in CY2017. • Specific key contract wins in CY2016 include T4 Melbourne Airport and Brisbane Virgin Australia Domestic Terminal. • Cairns Airport contract extension and rights expansion.
3. End to end digital strategy	• Increase in digital revenue to 45.6% of total revenue, up from 31.9% in CY2015. • More than 8,000+ digital screens, up from 5,000+ at the end of CY2015. • 29 additional large format Road billboards across premium locations. • 39 additional large format Retail screens. • 25 additional large format Fly screens. • Introduced Australia's first cylindrical digital screen at Melbourne Airport. • Total of 2,400+ retail screens across Australia and New Zealand. • Total of 190 large format screens across Australia and New Zealand, more than doubled from 90 in CY2015. • Exclusive Out Of Home agreement with Quantium to access buyergraphic data continuing to be developed. • Continued to advance data analytics across multiple platforms including the launch of CRAFT, the first retail audience measurement platform in New Zealand retail. • Growth and development to eight proprietary online platforms with increased linking of physical, mobile, online and social media.
4. Developing market leaders	• 108 senior employees enrolled in the three year leadership program (LEAD). • Continued to build the team to support growth, especially across sales.

Chairman's Review

On behalf of the Board of Directors, it gives me great pleasure to present oOh!media Limited's Annual Report for CY2016. oOh!media has again delivered strong results, meeting earnings guidance revised upwards in December 2016, as advertisers continue to become aware of the effectiveness of our portfolio of products, particularly when combined with our digital and online offering that connects with mobile and social media.

oOh!media ended CY2016 in a strong position, growing revenue by 20.1% to $336.1m. Strong revenue performance also translated into increased earnings with Underlying EBITDA growing by 27.4% to $73.5m as the business continued to benefit from greater operating leverage and ongoing margin expansion. Underlying NPATA also grew by 24.8% to $35.6m.

oOh!media remains at the forefront of an evolving industry. A significant factor in our strong position is the capacity to act swiftly to secure opportunities that drive our growth. This has been demonstrated with the acquisitions integrated and completed in CY2016, and market-leading and world-first advertising initiatives. oOh!media remains a leader in the Out Of Home industry by local and global standards, particularly as it relates to digital.

In CY2016, we continued to progress our digital strategy, and we have exceeded our goal of reaching 45.0-50.0% digital revenue by the end of 2018, as outlined in the 2015 Annual Report. Digital revenue contributed 45.6% of total revenues and oOh!media continues to set the benchmark in this regard. Our continued growth in digital revenue is a direct result of the pace at which we are digitising assets and the focus on growing environments which offer opportunities to leverage our content, data analytics and Wi-Fi capabilities.

During the year, oOh!media announced a proposed merger with APN Outdoor, which will create a leading diversified Out Of Home and online media group in Australia and New Zealand. The proposed merger will result in a combination of complementary and premium assets across key Out Of Home formats and will also create one of the largest ASX listed media stocks. This is an exciting development for oOh!media and the Out Of Home industry. The Board of oOh!media is in full support of the merger and believes it to be in the best interests of our shareholders, in the absence of a superior proposal. Shareholders will have a chance to vote on the merger at the Scheme Meeting, the date of which will be announced shortly.

oOh!media also made three strategic acquisitions during the year. The Board is confident that each of the completed acquisitions represents a growth lever for oOh!media by furthering our capabilities across content, production and audiences.

In particular, the $68.5m acquisition of ECN in November 2016 represents a major milestone for oOh!media, adding over 1,020 signs across 280 buildings to our existing portfolio of CBD office towers and car parks. It also consolidates our strong position in the CBD office market since acquiring Inlink in CY2015. The other acquisitions in CY2016 are detailed in this Annual Report.

Out Of Home is becoming increasingly dynamic and the use of engaging creative advertising which leverages the capabilities of our digital and classic signs is extending the impact of the medium on audiences. oOh!media is enabling brands to communicate with audiences at a time when the influence of traditional advertisers continues to fragment.

The Board has declared a final and fully franked dividend of 10.0 cents per share, an increase of 49.3% on CY2015. The full year dividend for the year ended 31 December 2016 is 14.0 cents per share, an increase of 47.4% from the prior year.

On a personal note, I would like to thank shareholders for entrusting me as Chairman of this innovative Out Of Home company since 2014. In August 2016 I announced my resignation as Chairman, so this will be my last Annual Report for oOh!media. I will remain as Chairman of oOh!media until the implementation date of the proposed merger and will continue to work with the Board and management to execute oOh!media's strategy.

This has provided an opportunity to reflect on my time here.

A major reason for accepting the position of Chairman was that under the leadership of Chief Executive Officer Brendon Cook and his management team, I saw a business with great vision and a clear strategy for growth that was well ahead of its peers. This is as true today as it was then, as Brendon continues to prove his leadership capabilities and incredible foresight in predicting the future of the industry and positioning oOh!media, and the proposed merged group, to capitalise on these changes.

I would like to express my appreciation to my fellow Directors on the Board who have provided strategic oversight, guidance and support. I have personally valued each of your contributions and look forward to your continued counsel during the merger process.

Finally, thank you to management and all our employees across oOh!media in Australia and New Zealand for your hard work and contributions. Without you, the success we achieved in CY2016 would not have been possible.

I'm proud of the achievements of this business since listing and look forward to continued growth and success of oOh!media in the future.

Yours sincerely,

Michael Anderson

Chairman

CEO's Report

oOh!media delivered another strong operational and financial performance in CY2016, as the business continued to grow across key financial metrics and executed on our five key pillars strategy, outlined in our 2015 Annual Report.

Through the execution of our strategy, oOh!media achieved Underlying EBITDA of $73.5m. This exceeds guidance of between $68.0-$72.0m set in February 2016 and is at the upper end of guidance of between $72.0-$74.0m, announced in the December 2016 trading update.

There were a number of highlights in CY2016, the most significant being the proposed merger of oOh!media and APN Outdoor, announced in December 2016. We are excited about the prospect of the merger to create a leading Out Of Home media group. The merged group is expected to deliver significant and long-term value for both shareholder groups and is positioned to benefit from continued Out Of Home audience growth.

The Out Of Home and media industry is still changing rapidly. oOh!media recognised this industry shift in 2012, identifying the benefits of developing a diversified portfolio through multiple products and environments. The portfolio would be supported by data, content strategies and investment in systems.

We have developed a proactive long-term digital and multiple environment strategy consisting of drive by, walk by and stand by environments.

Inventory grew significantly through the accelerated conversion of assets to digital, organic developments, new property contracts and the ECN acquisition. We also continue to increase our content and online publishing, data capabilities through partnerships and added to the efficiency of our supply chain.

While delivering on our digital strategy is an important element of growth, our portfolio of over 14,000 classic panels contributes to the scale and diversity of audiences. Linking Out Of Home physical assets with mobile, online and social, continuing to expand our reach for clients and build a world-leading audience-led solution for advertisers.

Digital performance

Globally, oOh!media is a digital market leader with one of the highest percentage of digital revenue to total group revenue among comparable businesses with classic environment foundations. We are also confident that compared to this same peer group, we have the most diverse portfolio of digital assets and channels to target audiences.

In CY2016, digital revenue increased by 71.7% to $153.3m. Digital revenue as a percentage of total revenue was 45.6% for the year. This digital growth further consolidates our leadership position.

Advertisers are increasing the creative ways to unlock the potential of our full motion digital assets to drive further engagement and interaction and temporal relevancy. Whilst the creative community and clients are only at the early stages of understanding the mediums new scale and potential, this is changing rapidly. oOh!media is in a strong position to capitalise with the largest digital and full motion digital Out Of Home portfolio in Australia and New Zealand.

Product portfolio expansion

CY2016 added to the significant momentum generated in CY2015 as we secured large contract wins and renewals in all of Road, Fly, Retail and Locate by oOh!.

We accelerated the rollout of large format digital screens in Road, Retail and Fly in the second half of CY2016 whilst maintaining a disciplined approach to the digitisation of our assets.

Classic panels are still key to our business. During the year, oOh!media acquired leading printing and production company Cactus Imaging. The acquisition strengthens our core business and will allow oOh!media to recognise several supply chain efficiencies in the classic print outdoor market.

oOh!media has significantly increased its large format digital screens portfolio to 190 at the end of CY2016 (CY2015: 90) in premium locations across multiple environments. In large format Road, we more than doubled our digital inventory to 54 screens during CY2016. oOh!media has now reached its target of 50 Road digital screens by the end of 2018, as outlined in oOh!media's 2014 prospectus, with additional screens in the pipeline. In Retail, we increased our EVOKE digital large format inventory to 72 screens (CY2015: 33) and now have over 1,500 ShopaLive digital screens in total at the end of CY2016. In Fly, we added 25 new large format digital screens including "the Halo", an Australian-first cylindrical digital screen at Melbourne Airport.

In Retail, we continue to be encouraged by our EXCITE screen portfolio, which recorded more than 400,000 interactive shopper engagements across 12 campaigns, a year after launching in late 2015. The connected screen utilises a multi-touch screen, gesture control, voice recognition and a web-cam to create interactive user experiences. Often these interactions are for minutes, not seconds.

It was a busy year for Locate by oOh! (formerly Place) with the successful integration of Inlink (acquired in December 2015) and the subsequent acquisition of ECN (November 2016), enhancing our position as the leading CBD environment Out Of Home operator. We believe there are significant opportunities to leverage the capabilities of both businesses and better align product initiatives on all Locate by oOh! products to drive future profit.

Our NZ retail footprint now reaches a unique audience of over 1.7 million fortnightly. We are excited about the opportunity to leverage our investment in building the largest full motion digital Out Of Home portfolio in New Zealand and continuing to build NZ revenues to the levels achieved in Australia.

Our content capabilities expanded significantly in CY2016 through the acquisition of Junkee Media. We are now able to offer advertisers eight online channels – across different audiences – to implement and expand native and video content solutions across the oOh!media portfolio.

Product revenues record strong growth

It was pleasing to see oOh!media continue its growth trajectory with revenue of $336.1m, up 20.1% on CY2015. Revenue increase was also supported by an Underlying EBITDA margin of 21.9%, an expansion of 1.3 percentage points from CY2015. This provides a clear signal that oOh!media is successfully driving operating leverage whilst still investing in employees, data and systems.

Our Road product performance was strong, with revenue of $124.6m, up 12.3% on CY2015.

In Retail, revenue increased to $109.2m, up 10.2% on CY2015.

Fly achieved revenue of $56.0m, up 2.8% on CY2015. The marginal expansion does not represent the strong underlying organic growth which offset the loss attributable to the T2 Sydney Airport terminal. It is expected that major contract wins during CY2016 will provide a significant boost for the performance of our Fly environments in 2017.

Locate by oOh! revenue increased to $28.9m, up 196.4% on CY2015. After accounting for the revenue uplift from Inlink, Locate by oOh! still achieved significant organic revenue growth, which was a key part of the acquisition premise.

Our investment in New Zealand continues to generate strong results, recording revenue of $9.8m, up 75.2% on CY2015.

Developing for the future

Investing for the future remains a key priority for oOh!media. We made significant investments in our systems and people during the year which provide a strong foundation for continued growth.

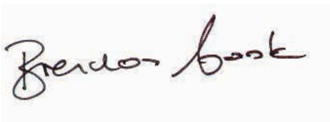
oOh!media continues to invest in technology, ranging from more efficient client interactions to greater financial and operating information to allow for more informed decisions. We remain committed to staying ahead of the technology curve as a new media and technology company, evidenced by our continued data development with companies such as Quantium.

We are also investing in our staff, from senior executives to the broader team, to ensure we continue to develop leaders who are equipped to navigate the future. Our three year leadership program currently has 108 employees participating. In 2017, oOh!media plans to launch more short-term development and learning modules for all staff.

I would like to thank our team for their tireless contributions throughout CY2016. With your support, we will continue to deliver another strong performance in CY2017 and beyond as we progress the proposed merger with APN Outdoor to create a leading and exciting Out Of Home media group for our shareholders.

Finally, on behalf of the management team, I would like to thank Michael Anderson for his guidance and support and for always sharing his deep understanding of the media sector to help drive the strategic long term direction of oOh!media.

Yours sincerely



Brendon Cook

Chief Executive Officer and Managing Director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The Board

From left to right: Darren Smorgon, Brendon Cook, Debra Goodin, Tony Faure, Geoff Wild and Michael Anderson.

Michael Anderson

Chairman and Independent Non-executive Director

Chair of Remuneration and Nomination Committee (part year)

Appointed: 7 October 2014

Skills and Experience:

Michael has more than 25 years' experience in the media industry including as Chief Executive Officer of Austereo Limited. Michael began at Austereo in sales in 1990 and moved through various senior executive roles before becoming CEO from 2003 to 2010.

As CEO, Michael demonstrated strong leadership and strategic skills, successfully transitioning Austereo to a digital broadcaster, maintaining market leadership and establishing leadership across all metrics. Michael has further enhanced his breadth of exposure to the media industry in the past five years through his current directorships.

Other directorships (current and recent):

CEO Media Works NZ (since 1 August 2016), Non-executive Director Lux Group (since 25 April 2016), Non-executive Chairman Urban Mobility Media (since 8 December 2015), Non-executive Chairman Oztam Pty Limited (since 24 February 2011), Non-executive Director SVH (22 September 2016 to 14 December 2016), Non-executive Director Fairfax Media (2 September 2010 to 5 August 2016)

Brendon Cook

Chief Executive Officer and Managing Director

Founded oOh!media 1989

Appointed: 7 October 2014

Skills and Experience:

With over 38 years' experience in outdoor advertising, Brendon has been at the forefront of the Out Of Home advertising business in Australia and New Zealand, creating a multi-award winning company and being actively involved in pioneering the industry's move into digital. Under Brendon's leadership, the business has delivered strong growth through strategic acquisitions, organic growth, and the development and introduction of several new environments to capitalise on the growth in digital and people's increasing habits away from home.

Brendon is a founding and current Board member of the Outdoor Media Association and was instrumental in the development of the MOVE (Measurement of Outdoor Visibility and Exposure) project, a system that improved accuracy in reporting measurable outcomes to clients using Out Of Home media. He was named the 2016 Association for Data-Driven Marketing and Advertising (ADMA) Marketer of the Year.

Other directorships (current and recent):

International Vice President Federation European Publicite Exterieur (FEPE) (since June 2015), Non-executive Director Measurement of Outdoor Visibility and Exposure (MOVE) Pty Ltd (since 22 February 2007), Non-executive Director Outdoor Media Association (since 27 November 2003)

Tony Faure

Non-executive Director

Member of Remuneration and Nomination Committee

Appointed: 28 November 2014

Skills and Experience:

Tony has deep experience in traditional and digital media and marketing, having run both small and large companies, and is passionate about ideas that use technology to push limits and create new experiences for consumers. Tony has held the positions of Chief Executive Officer of ninemsn, Chief Executive Officer and Founder of Home Screen Entertainment, and positions at Yahoo! including Regional Vice President, South Asia and Managing Director of Yahoo! Australia and New Zealand. Tony was also a consultant to the Board of seek.com.

Other directorships (current and recent):

Chairman, Stackla Pty Ltd (6 November 2014), Non-executive Director Medical Channel Pty Ltd (9 September 2015), Non-executive Director Medical Media Group Pty Ltd (21 September 2016), Non-executive Director biNu Pty Ltd (23 April 2013 to 5 September 2016), Non-executive Director Dealised Pty Ltd (10 December 2011 to 12 August 2016), Chairman Junkee Media Pty Ltd (12 December 2012 to 1 July 2016), Chairman Torque Solutions (Australia) Pty Ltd (12 August 2010 to 1 July 2015)

Debra Goodin

Independent Non-executive Director

Chair of Audit, Risk and Compliance Committee

Member of Remuneration and Nomination Committee (part year)

Appointed: 28 November 2014

Skills and Experience:

Debra has more than 20 years' senior management experience with professional services firms, government authorities and ASX-listed companies across a broad range of industries and service areas. Debra is an experienced Non-executive Director and Audit Committee Chair.

Debra has executive experience in finance, operations, corporate strategy, mergers and acquisitions.

Her experience includes service as Chief Operating Officer for an Australian and New Zealand subsidiary of Downer EDI Limited, as Acting Chief Financial Officer and Head of Mergers and Acquisitions, and also Global Head of Operations at Coffey International Limited. Debra is also a member of the Finance Investment and IT Committee for Melbourne's Royal Women's Hospital. Debra holds a Bachelor of Economics, Adelaide University, and is a Fellow of the Institute of Chartered Accountants Australia.

Other directorships (current and recent):

Non-executive Director TEN Network Limited (since 17 August 2016), Non-executive Director APA Group (since 1 September 2015), Non-executive Director Senex Energy Limited (since 26 May 2014)

Geoff Wild AM

Non-executive Director

Member of Audit, Risk and Compliance Committee (part year)

Member of Remuneration and Nomination Committee (part year)

Appointed: 7 October 2014

Skills and Experience:

Geoff has enjoyed a long and distinguished career in marketing and advertising, originally with the Clemenger Group where he helped establish its Sydney operation and went on to become Deputy Chairman of the Group in Australia and New Zealand. Upon its merger with the US-based

BBDO Group, he joined the BBDO International Board, and was appointed Chairman of its ASIA/Pacific operations.

Geoff was appointed Chairman of the NSW Tourism Commission and also became a Vice President and Director of the successful Sydney 2000 Olympic Bid Committee.

He was awarded the Order of Australia (AM) in the Queen's Birthday Honours List in 2000. Geoff is a Fellow of the Advertising Institute of Australia (by examination), a Fellow of the Australian Institute of Company Directors and a Fellow of the Royal Society of the Arts.

Other directorships (current and recent):

Non-executive Director WPP Australia/New Zealand (listed in Australia) (since 8 April 2016), Chairman and Director Arab Bank Australia Limited (since 2 November 1995 (Chairman 19 July 2011)), Non-executive Chairman WPP Holdings (Australia) Pty Ltd (since 6 February 2002), Director Ibisworld Pty Ltd (since 19 December 1991)

Darren Smorgon

Independent Non-executive Director

Chair of Remuneration and Nomination Committee (part year)

Member of Audit, Risk and Compliance Committee

Appointed: 7 October 2014

Skills and Experience:

Darren is the Managing Director of Sandbar Investments, a private investment company.

He was previously a Director of CHAMP Private Equity where he spent 16 years. While at CHAMP he project managed the oOh!media privatisation and re-listing on the ASX, using his strong finance, operations and strategic skills.

Darren holds a Bachelor of Economics (with Merit) and Master of Commerce (with Merit) from the University of New South Wales, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Other directorships (current and recent):

Managing Director Sandbar Investments Pty Ltd (since 20 May 2016), Director of CHAMP Private Equity (1 October 2011 to 25 August 2015), Director Golding Contractors Pty Ltd (29 February 2008 to 25 August 2015)

Patrick Rodden

Alternate Director for Darren Smorgon

Appointed: 22 May 2015

Resigned: 20 May 2016

Patrick joined CHAMP in 2007. His responsibilities include deal origination, assessment and execution, and portfolio company management from acquisition through to exit.

Currently, Patrick serves as a Director of Shelf Drilling and Apollo Holdco. Previous portfolio company directorships include oOh!media and LCR Group.

Prior to joining CHAMP, Patrick worked with J.P. Morgan in its investment banking group

Patrick holds a Bachelor of Commerce and Bachelor of Laws, University of Sydney.

Other directorships (current and recent):

Director Stripey Sock Investments Pty Ltd (since 16 February 2011)

Company Secretary

Katrina Eastoe

General Counsel and Company Secretary

Appointed: 1 September 2015

Katrina Eastoe is the Company Secretary of the oOh!media Limited Board and Committees. Katrina has over 15 years' experience in senior leadership positions in legal and governance roles across media, FMCG and manufacturing industries in Australasia and Asia Pacific.

Katrina's experience includes serving as Group Corporate Counsel Asia Pacific with Associated British Foods and George Weston Foods in Australia, New Zealand, China, and South East Asia, where Katrina also managed Corporate Responsibility Reporting and Governance for George Weston Foods. Katrina was Legal Counsel at BlueScope Steel for its manufacturing, construction and OHS activities in Australia and New Zealand, with prior experience in commercial private legal practice.

Katrina holds a Bachelor of Arts and a Bachelor of Laws from the Australian National University and a Graduate Diploma in Legal Practice from the College of Law. She is a Graduate of the Australian Institute of Company Directors, a member of the Communications & Media Law Association and is a former Director of the Australian and New Zealand Sports Law Association.

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Operating and Financial Review

Introduction

The Directors are pleased to present the Operating and Financial Review (OFR) for oOh!media for the period from 1 January 2016 to 31 December 2016. The OFR is provided to assist shareholders' understanding of oOh!media's strategy, performance and the factors underlying its results and financial position.

Strategic overview

oOh!media is a leading provider in the fast-growing Out Of Home industry with unparalleled width and depth of location-based media solutions. These consist of a diverse portfolio of classic and digital signs, linked with mobile online technologies and media offerings.

Underpinning the growth of the Company is a clear strategy which centres on **5 key pillars**:

1. **Delivering greater audiences** and audience engagement, insights and a world-leading approach to audience-based connections for our clients;
2. Providing the most **diverse product portfolio** of any Out Of Home operator in Australia;
3. Implementing a clearly defined **end to end digital strategy** which links the geo-specific nature of our assets with data to drive return on investment (ROI) for our clients;
4. Driving the business through **inspirational leadership** and continuing to invest in our people to ensure they are the best in the business; and
5. **Creating value** for our stakeholders by growing revenue with improved margin opportunities.

Audience engagement

Our product portfolio engages audiences across a number of Out Of Home environments: roadside; retail; airports and lounges; CBD offices; sporting; universities; small businesses; café businesses and entertainment venues. This diverse range of environments, with varying levels of dwell time and interactivity, gives oOh!media unparalleled access to Out Of Home audiences.

The expansion and diversification of the product portfolio results in a greater number of audiences who come into contact with our assets and increases the frequency of their engagement with our clients' brands.

oOh!media's Road, Retail and Fly assets have the potential to reach 95% of Australians in metropolitan areas over the age of 14 each week. This represents over 78 million contacts daily before factoring in regional assets or the additional interactions with audiences at the numerous Locate by oOh! environments[3].

Research indicates people are twice as likely to act on advertising messages when Out Of Home compared to inside the house[4]. In addition, research conducted in November 2015 by UK Out Of Home organisation Outsmart, shows people who have seen an Out Of Home advertisement are 17% more likely to interact with the brand or campaign on their smartphone.

The ability of oOh!media to offer advertisers access to a diverse range of audiences through physical assets, linked with connections through online, mobile and social media, is creating an interconnected platform for advertisers to achieve brand engagement. The diverse portfolio, combined with oOh!media's unique range of data offering advertisers the ability to target and segment audiences effectively, will ensure oOh!media is well placed to capitalise on industry trends.

3. MOVE data (2016).
4. 'Get the primal advantage with out-of-home' (2016) *Outdoor Media Association*.

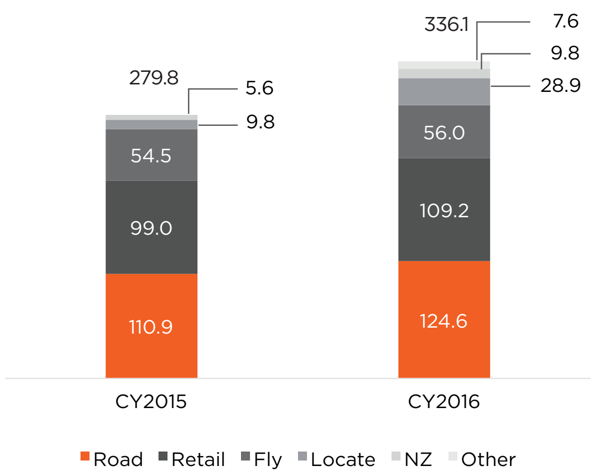
Diverse product portfolio

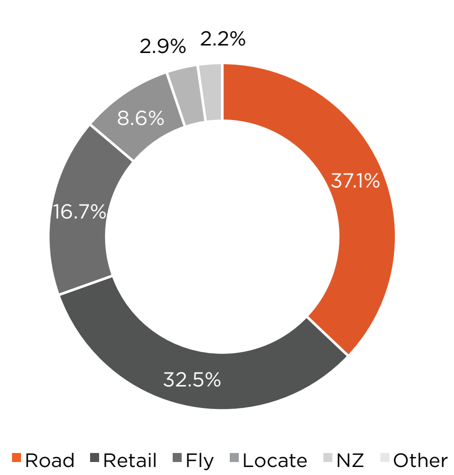
oOh!media's broad audience reach is the result of its selective and diverse product portfolio. The portfolio diversifies risk, sets the path to create long-term sustainable growth and builds shareholder value.

oOh!media continues to enhance the quantity and quality of its inventory by converting appropriate locations to digital, seeking to renew strategic locations, identifying new site opportunities and continuing investment in innovation and interconnectivity.

Product performance

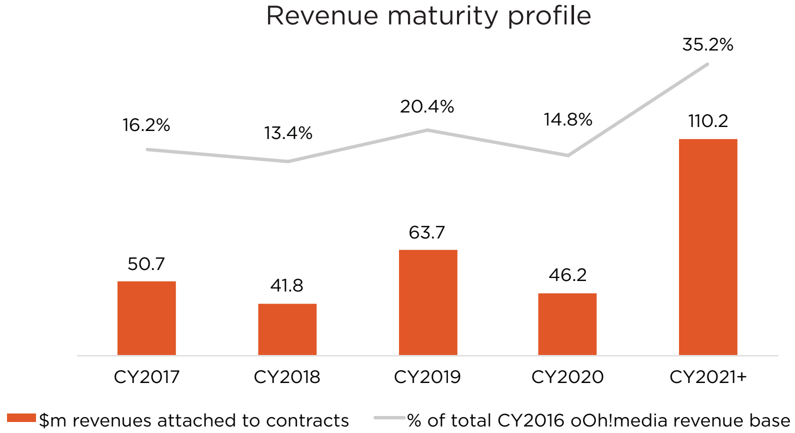
oOh!media's diversified asset portfolio gives exposure to a wide range of Out Of Home segments and underlying lease contracts.





Other revenue predominantly relates to the external contributions from Cactus Imaging and Junkee Media.

The platform is underpinned by a diversified range of concession holders and a balanced portfolio of lease expiries to ensure long-term sustainability. If CY2016 revenue[5] was apportioned based on the calendar year when concessions are due for renewal, only 16.2% of total contracts would expire during CY2017. Under the same methodology, no more than 20.4% of contracts are due for renewal in any one calendar year before the end of 2020 and over 50.0% of contracts expire during 2021 or beyond.



5. Total revenue excludes part year acquisitions and media revenues where oOh!media represents other advertising companies. Only the current term of concession contracts has been used to determine the profile, thus excluding renewal periods.

oOh! Road	• oOh! Road gives brands Unmissable scale and coverage across Australia with a persistent, powerful and physical presence.
Highlights	• Revenue of $124.6m, an increase of 12.3% on CY2015. • Continued expansion of digital offering, with 29 premium screens converted to digital to bring total large format digital screens to 54. • Reached prospectus target of 50 large format digital screens two years before schedule. • Digital expansion into regional locations. • Successful cross-sell of Road campaigns across Retail, Fly and Locate by oOh!. • Extended audience reach across 15 of 16 major roads in Melbourne.
Strategic focus	• oOh!media sees the digital conversion of large format locations across its Road portfolio as a key driver of future revenue growth and margin expansion. • Pipeline of further conversion opportunities increase as capital costs decline. • Only true national provider with metropolitan and regional coverage.

oOh! Retail	• oOh! Retail gives brands Unmissable relevance and recall in high dwell time environments in shopping centres across all Australia.
Highlights	• Revenue of $109.2m, an increase of 10.2% on CY2015. • Continued digital inventory rollout including 39 new EVOKE large format digital screens, to bring total to 72. • Additional 200+ digital screens bringing total to 1,600+ in Retail. • Continued segment market share leadership. • Full year run rate of installations in CY2016 will drive further revenue growth in CY2017. • Interactive campaigns on EXCITE screens are creating strong audience engagement – e.g. Powerade's "virtual basketball game" recorded over 31,000 interactions during the 2016 Olympic Games, with most people playing multiple games and interacting for nearly three minutes.

Strategic focus

- The Company continues to invest in the digital conversion of its Retail portfolio.
- The retail sector will be supported by the continued growth in shopping centre foot traffic, together with the investment in development and refurbishment being made by centre owners to enhance the shopping experience for customers.
- Through oOh!media's industry leading position in the retail segment and its commitment to further innovate for the benefit of property owners, oOh!media is well positioned to act as the media partner with shopping centre owners to maximise the ROI of their retail environments.

oOh! Fly

- oOh! Fly gives advertisers an Unmissable connection to a valuable and diverse audience across Australian airports.

Highlights

- Revenue of $56.0m, an increase of 2.8% on CY2015.
- Exclusive wins and asset rollouts at T4 Melbourne and the Brisbane Virgin Australia Domestic terminal.
- Cairns Airport extensions and rights expansions to include external and digital assets.
- Developed Australian first customised content platform for the Cairns Airport terminals to display a mix of advertising, passenger and flight information.
- Introduced first full motion and audio capable cylindrical digital screen at Melbourne Airport (the Halo).
- Increased large format digital screens to 51 (CY2015: 26).
- Loss of T2 Sydney Airport terminal offset by contract wins and extensions.
- Introduced first full motion external airport screen in Australia at Sydney Airport (the Boss).
- Created new opportunities with the new collect and connect motion screens at high dwell time baggage carousels.

Strategic focus

- The long-term growth trend in passenger numbers across airport concessions continued in CY2016[6].
- To accommodate this growth and continually improve the passenger experience, airports are spending aggressively on their own infrastructure and customer environments for which media and media engagement models are a significant feature.

6. Domestic aviation activity, https://bitre.gov.au/statistics/aviation/domestic.aspx.

LOCATE by oOh!

- Locate by oOh! puts brands in Unmissable environments where people go to gather, meet, relax, work, work-out, unwind or study. Our major environments cover office towers, cafés and universities.

Highlights

- Revenue of $28.9m, up 196.4% on CY2015.
- Strong organic revenue growth of 13.0% on CY2015 (excluding Inlink and ECN acquisitions).
- Integrated CBD office advertising business Inlink, which performed above expectations during the year.
- Acquired and integrated ECN, another leading digital Out Of Home operator in CBD office and car park environments.
- More than 3,500 signs in CBD offices and extended Wi-Fi hotspots.
- Combined, Inlink and ECN deliver an audience of over 1.8 million people each week.

Strategic focus

- The potential for future growth in Locate by oOh! is significant, through further expansion into new environments and innovation in engagement offerings and analytics.
- The ECN acquisition in CY2016 further advances oOh!media's digital strategy of driving engagement with audiences through digital screens in high dwell time locations and delivers great growth potential.
- Through the acquisition, oOh!media has enhanced its leadership position in highly desirable CBD audiences.

oOh! NZ

- oOh! NZ operates across retail and university environments.

Highlights

- Revenue of $9.8m, up 75.2% on CY2015.
- Increased market share by a third to 11.0%.
- More than doubled large format digital screens to 13 (CY2015: 6).
- Launched a New Zealand first retail audience measurement system, CRAFT, to offer better insights for advertisers.
- Expanded oOh!media's retail footprint to 37 shopping centres, giving the broadest national retail coverage of any Out Of Home operator in New Zealand.
- Long-term contract renewals and wins during CY2016 including seven major retail centres owned by Stride Property Group.
- Major contracts with NZRPG, Lend Lease and Kiwi Property.

Strategic focus

- The investment in product expansion and enablement for New Zealand, which included the rollout of digital technologies, has already delivered significant revenue increases and places the product in a strong position to deliver future revenue growth.

The other category relates to:

- Cactus Imaging, a leading Out Of Home printing and production company acquired in August 2016. The acquisition strengthens the core classic billboard business through more efficient production alignment and supply chain initiatives.
- Junkee Media, a leading online content and publishing company acquired in July 2016.

End to end digital portfolio

Digital portfolio

oOh!media's end to end digital strategy goes beyond the conversion of classic panels to digital or growing inventory. Our goal is to provide two-way interactions between brands and people through our diverse portfolio of digital assets. The strategy combines oOh!media's physical screens with our leading-edge technologies with mobile, social and online content and publishing channels and other interactive digital capabilities.

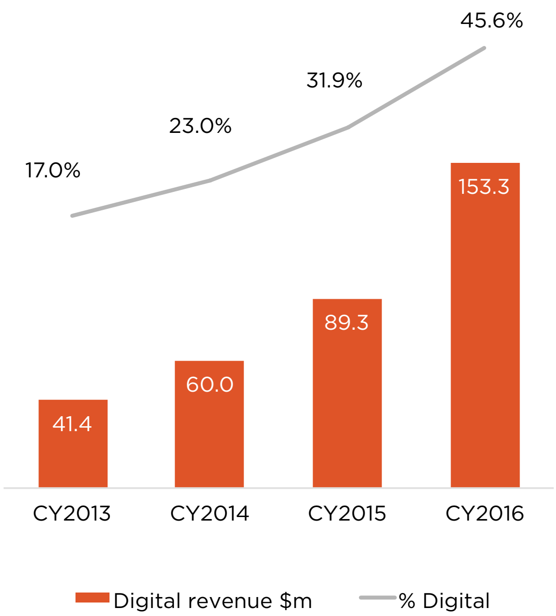
The strategy is built around:

- Progressively digitising the existing asset base, with a focus on converting screens in premium locations;
- Leveraging digital capabilities such as interactivity to deliver better audience engagement;
- Linking physical screens to mobile, online and social environments;
- Collecting, analysing and generating insights from data to create better audience targeting, measurement and ROI outcomes; and
- Continuing to invest in talent and leadership.

In CY2016, oOh!media achieved its goal set in its 2015 Annual Report of more than 45.0% of digital revenue as a percentage of total revenue, ending the year at 45.6%. This firmly places oOh!media as a market leader in digital.

The portfolio evolution is being driven by the digitisation of assets in premium locations, the integration of eight proprietary online platforms, and strategic acquisitions. Through execution of the strategy, oOh!media significantly increased digital revenue to $153.3m, up 71.7% on CY2015, growing the number of digital screens by more than 50.0% during the year.

Digital revenue as a % of total revenue



	CY2016	CY2015
Digital revenue growth	71.7%	47.6%
Digital revenue as a % of total revenue	45.6%	31.9%
Digital screens	8,000+	5,000+

During CY2016, two acquisitions were made to significantly enhance the broader digital strategy.

- In July 2016, oOh!media acquired 85% of Junkee Media to further expand its content capabilities including the fast growing full motion video category, expertise with native advertising and a platform to better target millennials. The combination of engaging online content and advertising that is contextually relevant is increasingly becoming popular, especially when leveraged across our full motion digital portfolio. Junkee Media's online publications attract more than 1.25 million Australian unique visitors a month and reaches more than 5.5 million millennials through its social channels every week.
- In November 2016, oOh!media acquired ECN for $68.5m. Combined with the Inlink acquisition in CY2015, oOh!media has consolidated its position in the premium CBD office environment, with a portfolio now comprising over 3,500 signs, of which 90% are digital.

oOh!media continues to build on its end to end digital strategy and through the accelerated conversion of a number of assets to digital during the year, ended CY2016 with 190 large format digital screens. The faster than expected rollout of our digital screens, which resulted in an increased capital expenditure will have a positive effect on revenue in CY2017.

Data & insights

As an innovative and leading diversified Out Of Home and online media group, oOh!media's rich audience and location data analytics across geographic, demographic, psychographic and buyergraphic segmentation provides advertisers better insights to assess audience reach and behavioural impact across our portfolio. This increases the relevance and value of the audiences for advertisers and therefore makes our signs more compelling for brands. For property owners it provides better insights into audience profiles and strengthens our relationships with landlords.

In CY2016, oOh!media continued to make a significant investment in data including its ongoing outdoor exclusive relationship with Quantium, as well as launch its proprietary audience reach and targeting system CRAFT, the first retail audience measurement system in New Zealand.

Inspirational leadership

oOh!media is a firm believer in investing in its people to develop a diverse and inclusive team that continues to take pride in leading the market in capability and engagement, providing greater returns in the short and long term. The business is focused on developing its senior leaders, ensuring they are not only equipped for their jobs today, but their leadership roles in the future.

The rapid pace of change throughout the advertising industry has magnified the need to develop all our employees. Continuous learning and development courses were designed during CY2016 and will be implemented during 2017 for all employees. This is in addition to the three year leadership program (LEAD) which commenced in CY2014 and has just under 40.0% female participation.

The business will continue to build a diverse and skilled workforce of innovative thinkers and leaders, capable of executing the long-term strategy and delivering growth for shareholders.

Creating value

oOh!media continued to deliver on building the platform for long term sustainable returns and has now recorded 12 years of consecutive revenue growth since CY2004.

oOh!media remains firmly committed to converting revenue growth to profitability, as evidenced by the Underlying EBITDA margin expansion of 1.3 percentage points to 21.9% and Underlying Earnings per Share growth of 22.3% in CY2016. A key contributor to this has been the effective digitisation of the Company's large format asset base.

oOh!media has a strong balance sheet with headroom for growth to ensure the company is able to continue to take advantage of opportunities for revenue and margin growth.

Financial commentary

By focusing on strategy execution, oOh!media again delivered a strong financial performance growing all key metrics.

$'m	CY2016	CY2015[7]	Variance ($)	Variance (%)
Revenue	336.1	279.8	56.3	20.1
Gross profit	144.9	111.2	33.7	30.3
Gross profit margin (%)	*43.1%*	*39.7%*	*3.4%*	
Underlying EBITDA	73.5	57.7	15.8	27.4
Underlying EBITDA margin (%)	*21.9%*	*20.6%*	*1.3%*	*6.1*
EBITDA[8]	70.3	56.6	13.7	24.2
EBITDA margin (%)	*20.9%*	*20.2%*	*0.7%*	
Underlying NPATA	35.6	28.5	7.1	24.8
NPATA[9]	32.9	27.7	5.2	18.8
NPAT	21.5	18.4	3.1	16.8

Revenue of $336.1m in CY2016, up 20.1% on CY2015, with significant growth across Road, Retail and Locate by oOh!.

Importantly, revenue growth also translated to gross profit of $144.9m in CY2016, up 30.3% on CY2015. Gross profit margin improved by 3.4 percentage points to 43.1% as a result of operating scale leverage during the seasonally stronger second half CY2016. The strong performance was further supported by the revenue mix generated from the diversified portfolio of assets, the integration of Inlink and the continued rollout of digital assets in developing a diversified, audience-led digital advertising platform.

Operating expenditure excluding depreciation, amortisation and non-operating items of $71.4m, up 33.5% from $53.5m in CY2015. The increase was driven by the acquisition of Inlink and investments in the Company's capabilities in line with growth strategies. Total labour costs increased due to acquisitions, a larger employee base and incentive schemes. Importantly, the costs incurred were predominantly related to growth. Underlying EBITDA growth (27.4%) and Underlying NPATA growth (24.8%) outpaced revenue growth (20.1%) in CY2016 and is a strong indicator of oOh!media's ability to drive operating leverage and scale the business. NPATA growth of 18.8% was affected by the non-operating items.

Non-operating items of $3.3m (after-tax effect of $2.7m) was incurred for CY2016 and have been excluded from Underlying pre-tax profit numbers. Non-operating items mainly consist of acquisition costs, due diligence costs associated with the proposed APN Outdoor merger, and insurance proceeds relating to claims from prior periods.

EBITDA contribution from acquisitions was limited to a part year, with all acquisitions occurring in the second half of CY2016.

7. Underlying represents the same concept as pro forma in the 2015 Annual Report.
8. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure. This is included in management reports reviewed by the Group's chief operating decision maker (the Board).
9. Net profit after tax before acquired amortisation (after tax) and non-cash items such as impairments. The Directors believe NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions undertaken during historical periods which resulted in higher than normal amortisation, which represents a non-cash charge.

Review of financial position, liquidity and cash flows

The balance sheet remains strong with both the Net debt / Underlying EBITDA and current ratios remaining similar to the prior year at 1.6x and 1.4x respectively. Net debt / Underlying EBITDA has improved modestly from June 2016 (1.7x) despite benefiting from only a partial period of EBITDA attached to the acquisitions which were partially or completely debt funded.

Net debt, credit and liquidity ratios metrics as at 31 December 2016 and 2015

$'m	Actual 31 Dec 2016	Actual 31 Dec 2015
Borrowings	122.4	104.9
Cash and cash equivalents	(8.2)	(18.5)
Net total indebtedness	**114.2**	**86.3**
Net debt / Underlying EBITDA	1.6x	1.5x
Current Ratio	1.4x	1.5x

Key movements in net debt are explained as follows:

- EBITDA of $70.3m.
- The increase in trade receivables to $79.4m was driven by particularly strong revenue growth in the last quarter of CY2016 due for collection in early CY2017, which has largely been offset through an increase in payables and non-cash expenses.
- Income tax and funding cost payments of $15.4m.
- Capital expenditure of $39.0m with the company aggressively continuing to digitise its portfolio, develop new sites and also invest in systems and infrastructure following the acquisitions made in CY2016.
- Debt financed acquisitions of $24.0m for Junkee Media, Cactus Imaging, and a portion of the ECN acquisition.
- Dividend payments of $16.0m during the year.

Statement of cash flows: CY2016 and CY2015

$'m	CY2016	CY2015	Variance
EBITDA	**70.3**	**56.6**	**13.7**
Net change in working capital and non-cash items	(0.8)	3.0	(3.8)
Interest and income tax (included in net cash from operating activities)	(15.4)	(4.2)	(11.2)
Net cash from operating activities	**54.1**	**55.4**	**(1.3)**
Capital expenditure	(39.0)	(28.1)	(10.9)
Acquisitions	(84.2)	(50.4)	(33.9)
Concessional development advances/(payments)	(3.7)	3.1	(6.7)
Net cash flow before financing	**(72.8)**	**(20.0)**	**(52.8)**

Net cash flows from operating activities of $54.1m was relatively flat with CY2015. The strong EBTIDA growth was largely offset through tax payments as oOh!media moves to a normalised tax regime following its listing. Additionally, finance costs increased due to the level of capital expenditure and acquisition activities which will drive further growth in CY2017 and beyond.

citibank
'Free wine.
I'll drink to that.'
The Citibank Dining Program.
Powered by Citi.
Enjoy a free bottle of wine at partner restaurants when you pay with your Citibank card.
Visit citibank.com.au/dine for more information.
1. Mixed leaf lettuce, tomato, cucumber, carrot,
2. Grilled zucchini, tomato & swiss cheese
3. Egg, tasty cheese & chives
4. PEN's Veggie Pattie, tomato & sweet chilli sau
5. Ham, cheese & tomato
6. Poached chicken, mixed leaf lettuce & mayo
7. Turkey, cranberry & brie cheese
8. Salami, tomato & tasty cheese
9. Rare roast beef, tomato & mango chutney
10. Tuna mix, avocado & cucumber
Coffee
Cappuccino/Flat White/Latte $3/ $3.50
Long Macchiato/Long Black $2.90
Macchiato/Ristretto/Short Black $2.70
Piccolo/Doppio $2.70
Chai Latte/Hot Choc/Mocha $3.2/ $3.70
Iced Coffee Iced Choc Iced Mocha $4.50
Affogato $4.95
Extra shot coffee/soy milk syrup $0.50
Tea
English Breakfast/ Earl Grey/ Peppermint
$3.00
nutella

Directors' Report

Introduction

The Directors of oOh!media Limited present their report of the consolidated entity consisting of oOh!media Limited and the entities it controlled (the Group) at the end of, or during, the year ended 31 December 2016 and the auditor's report thereon.

The Directors and Company Secretary who held office at any time during or since the end of the financial year ended 31 December 2016, together with their qualifications, experience and further details, are as set out on pages 14 to 16 of this Annual Report.

The Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth). The information below forms part of this Directors' Report. For further information our corporate governance policies, and our Corporate Governance Statement can be found on our website at http://www.oohmedia.com.au/corporate-governance.

Corporate structure

oOh!media Limited is a company limited by shares that is incorporated and domiciled in Australia.

Principal activities

oOh!media is a leading Out Of Home media company offering advertisers the ability to create deep engagement between people and brands across one of the largest and most diverse Out Of Home location-based portfolios in Australia and New Zealand. oOh!media's portfolio includes:

a) large format classic and digital roadside screens;
b) large and small format classic and digital signs located in retail precincts such as shopping centres;
c) large and small format classic and digital signs in airport terminals and lounges;
d) classic and digital signs in high dwell time environments such as cafés, pubs, universities, office buildings, gyms and sporting centres; and
e) online sites for millennials, students, flyers and small businesses and city-based audiences.

oOh!media also owns a leading native content production company and digital printing operations.

Operating and financial review

The consolidated profit attributable to the owners of the parent entity for the financial year ended 31 December 2016 was $21,601,129 (CY2015: $18,393,968). A review of operations and results of the Group for the year ended 31 December 2016 is set out in the Operating and Financial Review, which forms part of this Annual Report.

Significant changes in the state of affairs

In December 2016, oOh!media announced a proposed merger with APN Outdoor Limited, subject to approval by the oOh!media shareholders at the Scheme meeting, the date yet to be announced. In all other respects there have been no significant changes in the state of affairs for the Group in the period.

Likely developments and expected results

The Group's prospects and strategic direction are discussed in the Operating and Financial Review, which forms part of this Annual Report. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in prejudice to the Group.

Risk management

The Company takes a proactive approach to risk management and actively manages risks such as project risk, contractual risk, compliance risk and finance risk. The Board has mechanisms in place to ensure management's objectives and activities are in line with those determined by the Board including:

- Board approval of the Company's strategic plan and objectives;
- Board approval of the Company's annual financial forecasts and operating budgets;
- Board approval of all material contracts and agreements;
- Board approval of all project developments;
- Regular review by the Board of the Company's adherence to and performance against the above items; and
- Regular review by the Audit, Risk and Compliance Committee of the Company's risk management process, with improvements introduced where appropriate.

Matters subsequent to reporting date

Apart from the dividend declared as discussed in this report, no other matter or circumstance at the date of this report has arisen since 31 December 2016 that has significantly affected or may affect:

a) the operations of the Group;
b) the results of those operations in future financial years; or
c) the Group's state of affairs in the future financial years.

Environmental regulation

The Directors recognise the importance of environmental and occupational health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees. The operations of the consolidated entity are not subject to any particular or significant environmental regulation under the law of the Commonwealth of Australia or any of its states or territories, or New Zealand.

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Group, nor have any applications been made in respect of the Group under section 237 of the *Corporations Act 2001* (Cth).

Rounding of amounts

The Company is a kind referred to in *ASIC Corporations Instrument 2016/191*, 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 Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

Directors' meetings

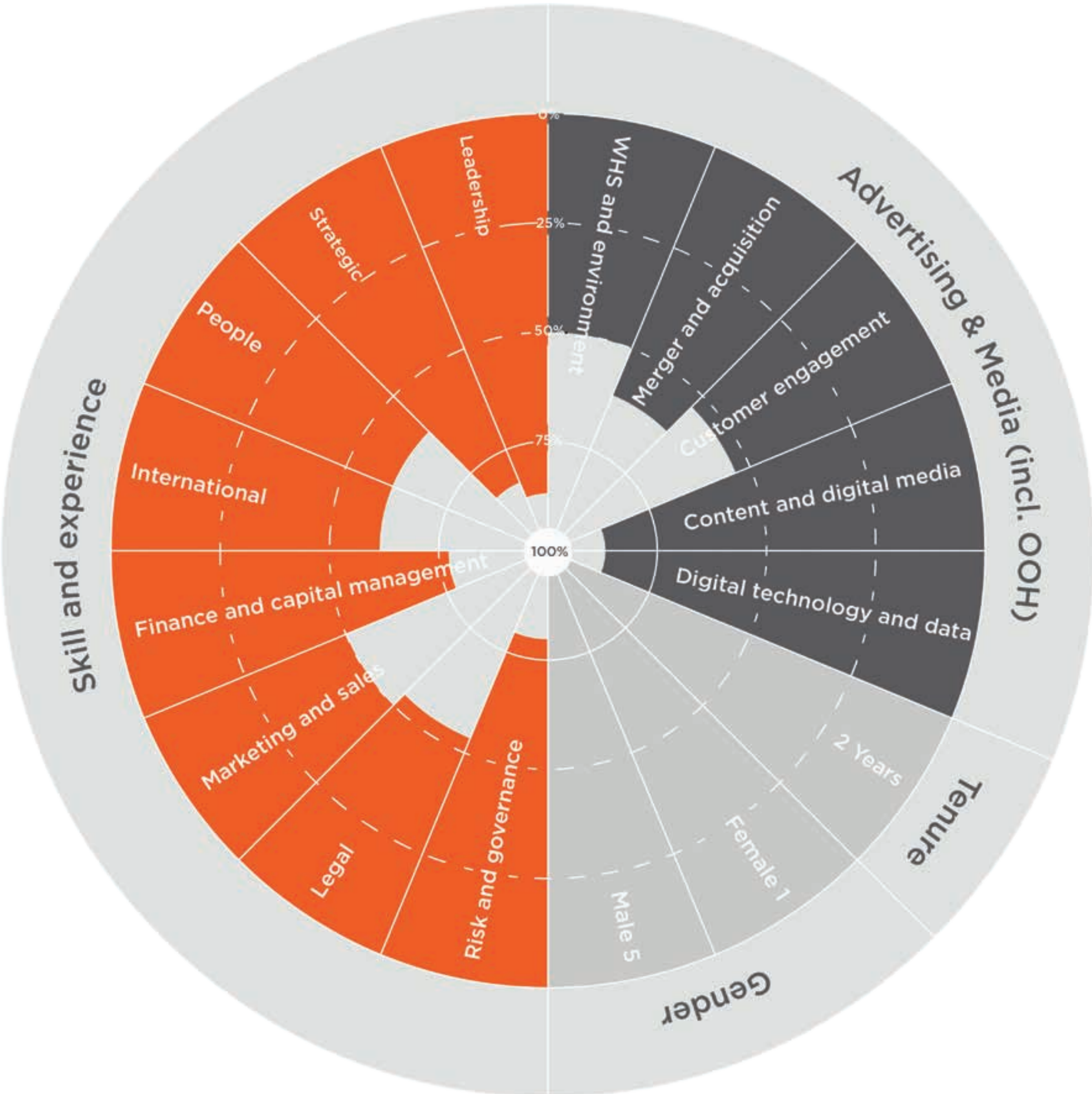
The record below shows the number of Directors' meetings held during the year, and the number of meetings the Directors were eligible to attend.

Name of Directors	Board	Audit, Risk and Compliance	Remuneration and Nomination
Number of meetings held	**33**	**6**	**7**
	Attended	**Attended**	**Attended**
Michael Anderson	[1]30/33	[2]5/5	[3]7/7
Tony Faure	29/31	-	5/7
Debra Goodin	33/33	[1]6/6	[4]1/1
Darren Smorgon	27/30	6/6	[5]3/3
Geoffrey Wild AM	29/33	[2]1/1	[6]4/5
Brendon Cook	30/33	-	-
Patrick Rodden (Alternate Director for D Smorgon)	Nil	-	-

1. Chairman of the Board / Committee.
2. Membership of the ARCC changed as of 1 September 2016, with Michael Anderson retiring and Geoff Wild becoming a member.
3. Michael Anderson was Chairman of the RNC from 1 January to 1 September 2016.
4. Debra Goodin was appointed as a Member of the RNC for one meeting during 2016.
5. Darren Smorgon was appointed as Chairman of the RNC as of 1 September 2016.
6. Geoff Wild retired from the RNC as of 1 September 2016.

Board skills, experience and diversity

The Board, together with the Remuneration and Nomination Committee, review the skills, experience and diversity represented by Directors on the Board and determine whether the composition and mix of these factors remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors. We are confident the current Board composition provides a strong combination of skills, experience and diversity (as outlined below) to allow oOh!media to execute its long-term strategy to drive sustainable growth and maximise shareholder value.



Shares issued and exercise of rights

Ordinary shares of oOh!media Limited

Up to the date of this report, the following fully paid ordinary shares have been issued:

- 264,249 shares were issued on 1 March 2016 due to the vesting of performance share rights for selected senior management during the year ended 31 December 2015 (for further information, please refer to the Remuneration Report which forms part of the Directors' Report);
- 12,631,579 shares were issued as a result of the capital raise completed on 11 October 2016, with 944,586 fully paid ordinary shares issued as consideration scrip (570,719 of these consideration shares are restricted securities under voluntary escrow until the full year results of oOh!media for the period ended 31 December 2016 have been released to the ASX); and
- 415,101 shares were issued on 11 November 2016 under a Share Purchase Plan forming part of the capital raise for the Executive Channel International Pty Ltd acquisition.

At 31 December 2016, there were 1,370,709 (CY2015: 1,056,995) unissued ordinary performance rights. Refer to Note 8 of the Financial Statements for further details of the performance rights.

Directors' interests in shares, rights and options of the Company

The relevant interests of each Director in the equity of the Company and related bodies corporate as at the date of this Directors' Report are disclosed in the Remuneration Report.

Shareholder returns

	CY2016	CY2015	CY2014
Profit/(loss) attributed to owners of the Company ($'000)	21,601	18,394	(24,787)
Basic EPS (cents)	14.1	12.3	(37.1)
Dividends ($'000) - Interim paid and final declared subsequent to the reporting period	22,420	14,239	-
Dividends per share (cents)	14.0	9.5	-
Change in share price - closing at balance date ($)	4.57	4.72	2.00

Net profit amounts have been calculated in accordance with the Australian Accounting Standards. Dividends for 2016 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Dividends

Dividends

The following fully franked dividends have been paid to date:

Dividends paid during 2016	Amount per share cents	Total paid ($)
Final 2015 dividend (paid 22 March 2016)	6.7	10,042,130
Interim 2016 dividend (paid 21 September 2016)	4.0	6,005,871
		16,048,001
Dividends paid during 2015		
Interim 2015 dividend (paid 23 September 2015)	2.8	4,196,711
		20,244,712

After the reporting date, the Board has declared a fully franked final dividend of 10.0 cents per ordinary share amounting to $16,413,805 in respect of the year ended 31 December 2016. This dividend is payable on 28 March 2017. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 31 December 2016 and will be recognised in subsequent financial reports.

Indemnification and insurance of Directors and Officers

The Company, to the extent permitted by law, indemnifies each Director, alternate Director and Executive Officer of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or one of its related bodies corporate.

The Company, to the extent permitted by law, may purchase and maintain insurance, or pay, or agree to pay, a premium for insurance for each Director, alternate Director and Executive Officer of the Company against any liability incurred by that person as an officer of the Company or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings whether civil or criminal and whatever their outcome.

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access to board papers, books, records and documents of the Company which relate to the period during which the Director or former Director was a Director. The Company may arrange that its related bodies corporate provide similar access to board papers, books, records or documents.

Insurance premiums

The Company has paid insurance premiums in respect of Directors' and Officers' Liability insurance for the year ended 31 December 2016 and since the end of the financial year. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been Directors, alternate Directors or Executive Officers of the Company or in that capacity to the extent allowed by the *Corporations Act 2001* (Cth). The terms of the policies prohibit disclosure of the liability and premium paid.

Non-audit services

During the year, KPMG, the Company's auditor performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirement of the *Corporations Act 2001* (Cth) for the following reasons:

- All non-audit services are subject to corporate governance procedures adopted by the Group and have been reviewed by those charged with the governance of the Group throughout the year to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to audit independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in management or decision making capacity for the Group, acting as an advocate to the Group or jointly sharing the risks and rewards.

Details on the audit and non-audit service fees paid or payable to the Company's auditors during the year are disclosed in Note 31 of the Financial Statements.

Audit and assurance services	**CY2016 $**	**CY2015 $**
KPMG Australia		
Audit and review of financial statements	364,000	371,350
Other assurance services	24,831	-
Total audit and assurance services	**388,831**	**371,350**
Other services		
KPMG Australia		
Taxation compliance and advisory services	157,499	84,530
Acquisition-related services	376,500	220,965
Merger related services	175,000	-
Other services	10,250	119,100
Total other services	**719,249**	**424,595**
Total auditors' remuneration	**1,108,080**	**795,945**

Audited remuneration report

The Remuneration Report is attached and forms part of this Directors' Report.

Auditor's independence declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of oOh!media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

John Wigglesworth
Partner

Sydney
20 February 2017

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* (Cth).

Signed on behalf of the Directors.

Michael Anderson
Chairman

20 February 2017
Sydney


QANTAS
TIFFANY & CO.
Departures
FLT CLOSED
FLT CLOSED
FLT CLOSED
GO TO GATE
RIVAL & DEPARTURE GATES
Business
Platinum
Gold

Remuneration Report (Audited)

The Directors are pleased to present the 2016 Remuneration Report which outlines remuneration information for Non-executive Directors, executive Directors and other key management personnel (together KMP). The information in this report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

The Remuneration Report refers to a range of non-IFRS financial information including Underlying EBITDA and Underlying NPATA. oOh!media believes this non-IFRS financial information provides useful insight to users in measuring the financial performance and condition of oOh!media. The definitions have been reconciled to statutory financial measures within the Financial Statements.

The Remuneration Report has been prepared on a basis consistent with the Financial Statements and accordingly includes total remuneration details for the year ended 31 December 2016. oOh!media's remuneration framework is structured to ensure it is competitive, and supports and motivates the senior executive and the broader team to work toward both short and long-term strategic objectives that align to sustainable value creation for shareholders.

Key management personnel

The current KMP are the five Non-executive Directors and two executives who have specific responsibility for planning, directing and controlling the material activities of oOh!media. There is also an extended senior leadership team that supports the KMP.

There were no changes to the KMP during 2016.

In August 2016 oOh!media announced that Michael Anderson would retire from his role as Chairman and Non-executive Director upon appointment of a successor. This succession planning was overtaken by the announcement of the proposed merger with APN Outdoor. On announcement of the proposal to merge, the Board of oOh!media suspended its Chairman succession process, and agreed to Mr Anderson remaining in the position of Chairman of oOh!media until the implementation date of the merger.

This Remuneration Report explains the Board's approach to Non-executive Director and executive remuneration, and to performance and remuneration outcomes for oOh!media and its KMP.

List of KMP

Non-executive Directors	
Michael Anderson	Chairman and Independent Non-executive Director
Tony Faure[10]	Non-executive Director
Debra Goodin	Independent Non-executive Director
Darren Smorgon[11]	Independent Non-executive Director
Geoffrey Wild AM	Non-executive Director
Executives	
Brendon Cook	Chief Executive Officer and Managing Director
Peter McClelland	Chief Financial Officer and Chief Operating Officer

10. Tony Faure was appointed as a consultant to Junkee Media following the acquisition by oOh!media in July 2016. As a consequence, the Board determined Tony Faure was no longer considered to be an Independent Director of oOh!media.
11. In May 2016, the Board determined Darren Smorgon was considered to be an Independent Director of oOh!media.

Remuneration philosophy

Remuneration principles and strategy

The success of oOh!media can be attributed to attracting and retaining talented individuals which represents one of the pillars in our long-term growth strategy. oOh!media's remuneration framework focuses on a competitive fixed annual remuneration (FAR) combined with short-term incentives (STI) and long-term incentives (LTI) which are "at-risk" and reward achievement of oOh!media's annual objectives and individual KPIs as well as long-term growth in shareholder value.

ATTRACT AND RETAIN	REWARD ACHIEVEMENT OF GOALS AND KPI	LONG-TERM ALIGNMENT TO SHAREHOLDERS
FAR	STI	LTI
CASH		EQUITY
• Benchmarked against comparable independent remuneration data and advice • Set competitively to peer group	• STI outcomes based on earnings performance and achievement on individual KPIs • Set each year and linked to organisation strategy	• Based on Compound Annual Growth Rate of oOh!media's Earnings per Share • Three year performance period • Board retains right to alter target or clawback as necessary
Market competitive fixed annual remuneration	Set challenging short and long term incentives linked to the creation of sustainable shareholder returns	

oOh!media's remuneration principles guide practices that are:

- Market competitive;
- Performance related;
- Fair;
- Consistent across all levels of the Group; and
- Easily understood.

Remuneration is linked to achievement of business objectives through interlinked goals and KPIs. These are set at an all-of business level, with subsequent goals developed for each senior executive. All employees are then engaged in setting their own goals and KPIs in agreement with management and in alignment with the overall strategic priorities. This ensures employees are rewarded for overall company achievement as well as their individual contribution to oOh!media's success. This aligns remuneration to both individual performance and value creation for shareholders.

The Board reviews all remuneration principles, practices, strategies and approaches to ensure they support the long-term business strategy and are appropriate for a listed company of oOh!media's size.

Components of remuneration

Component	Performance measures	Link to strategy and performance
Fixed Annual Remuneration (FAR) (Salary and other benefits including superannuation)	Multiple measures are used to determine yearly fixed remuneration changes including individual performance and contributions during the previous year.	oOh! ensures employees are rewarded fairly for their contribution to success of the company by benchmarking against comparable independent remuneration data and advice. Fixed remuneration is set competitively relative to industry peers and similarly sized publicly listed companies to attract and retain the right talent and considers the factors of: • Core responsibilities; • Business and individual performance; • Internal and external relativities; and • Contribution to the organisation.
Annual Bonus Short Term Incentive (STI) Most employees are eligible to participate in the Annual Bonus Program. Participants must be employed by October 1 in the year to be eligible for a bonus that year.	STI performance targets are: • 70% on achievement of full year Underlying EBITDA (derived from oOh!media's audited • 30% on achievement of individual KPIs. A threshold target of 90% of budgeted Underlying EBITDA must be achieved before any entitlement to an STI payment occurs. All employees, including the senior executives, have the same STI mix of 70% Underlying EBITDA and 30% individual KPIs.	Full year Underlying EBITDA was chosen as the key measure as it aligns to key reporting metrics and the internal financial measures that guide our efforts and management focus. The performance target is based on budget expectations as set by the Board for 2016. The Board retains the right to alter the target during the performance period to account for significant acquisitions or divestments. Key KPIs are set each year and linked to the organisational strategy and are cascaded through the organisation to ensure alignment of all employees to the strategy. Performance against these KPIs forms the basis of the individual component of the STI and allows us to distinguish and reward performance at the individual level. In the case of over achievement on either Underlying EBITDA or individual KPIs, there is the opportunity for greater than a 100% bonus payment.
Long-Term Incentive (LTI) An allocation of performance rights granted, by invitation, to a defined set of senior leaders as approved by the Board and aligned to long-term shareholder value creation.	The LTI performance hurdle is based on the Compound Annual Growth Rate (CAGR) of oOh!media's Earnings per Share (EPS) over a three year performance period (as per the full year audited financial results).	Aligns the interests of executives and shareholders by focusing on long-term growth. CAGR EPS was chosen as the most relevant long-term measure as it aligns to our key reporting metrics and internal metrics for senior executives. The CAGR EPS hurdle is agreed by the Board prior to the performance period and communicated with the LTI offer. The Board retains the right to alter the target during the performance period to account for significant acquisitions or divestments or to clawback or adjust any or all allocated LTI in relevant circumstances. The number of rights that vest are a percentage of those allocated based on the CAGR of oOh!media's EPS over the performance period.

Remuneration governance

Remuneration and Nomination Committee and Board oversight

A Remuneration and Nomination Committee (RNC) was established in 2014 with a clear charter and set of responsibilities. The RNC has been delegated responsibility to review and make recommendations to the Board, with the Board maintaining overall responsibility as outlined below.

oOh!media BOARD

The Board maintains overall responsibility for oversight of the Company's remuneration policy and the principles and processes which give effect to that policy. The Board approves, having regard to the recommendations of the Remuneration and Nomination Committee the:

- The size, composition and criteria for membership of the Board, including review of Board succession plans, performance evaluation and the succession of the Chairman and CEO as well as senior management performance assessment processes and results;
- Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- Short term incentive strategy, performance targets and bonus payments, including major changes and developments to the Company's (LTI) plans; and
- Effectiveness of the Board Diversity Policy.

REMUNERATION & NOMINATION COMMITTEE

The RNC's objective is to assist the Board with developing a board skills matrix setting out the mix of skills and diversity that is required by the business and compare and assess this to what the Board currently has or is looking to achieve in its membership.

The key responsibilities of the Committee in relation to the remuneration are:

- Review and recommend remuneration arrangements for Non-Executive Directors and Executive Directors including the CEO, and approve the remuneration of the other senior executives;
- Review major changes to the overall remuneration strategy or practices, including short-term and long-term incentive participation, performance targets and hurdles, and participation in the LTI plan;
- Approve annual salary review budget and spend;
- Review major changes and developments in remuneration policy and people practices for the Group;
- Review and make recommendations on gender pay strategies;
- Approve the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth); and
- Review and recommend to the Board the Remuneration Report for inclusion in the annual Directors' Report.

EXTERNAL ADVISORS

- The Committee has rights of access to management and to external auditors/resources without management present, and rights to seek explanations and additional information from both management and auditors.
- The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

Use of advisers

During 2016, oOh!media engaged Aon Hewitt to provide benchmarking data on an ongoing basis. oOh!media now subscribes to Aon Hewitt's Media and General Industry Salary Surveys, as well as participating in its Policy and Practice reviews. This allows oOh!media to access insight, expertise and benchmarking data as they relate to both individual positions and overall remuneration within oOh!media. During 2016, oOh!media also engaged Guerdon & Associates to provide benchmarking data for KMP as well as comparative data and options for LTI performance measures. No additional remuneration recommendations were made as part of any data provided by Aon Hewitt or Guerdon & Associates.

Share trading policy

oOh!media adopted a Policy for Dealing in Securities in 2014, the purpose of which is to explain the types of conduct in dealings in securities that are prohibited under the *Corporations Act 2001* (Cth). This policy was reviewed by the Board and management in 2016 with refreshed amendments adopted by the Board in September 2016. The Policy is designed to establish best practice procedures for the buying and selling of securities that protect oOh!media, Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The Policy applies to all Directors, officers, senior executives and employees of the Group and their connected persons. The Policy provides that relevant persons must not deal in oOh!media's securities:

- where they are in possession of material price-sensitive information;
- on a short-term basis (within a three month window); and
- during trading blackout periods (except in exceptional circumstances).

Otherwise trading will only be permitted in trading windows or in all other periods by:

- Directors, with the prior approval of the Chairman of the Board;
- the Chairman of the Board, with the prior approval of the Chairman of the Audit, Risk and Compliance Committee; and
- senior executives, with the prior approval of the CEO.

Diversity and remuneration

The Board and management of oOh!media are focused on diversity and inclusion as a key business measure, particularly at senior levels. oOh!media is committed to addressing and promoting gender equality. A gender pay analysis was undertaken as part of the 2016 end of year remuneration review process, including a comparison of like roles, to identify any underlying disparity between male and female pay. oOh!media reduced disparities in pay by prioritising female remuneration that was below the peer average.

Remuneration framework and performance

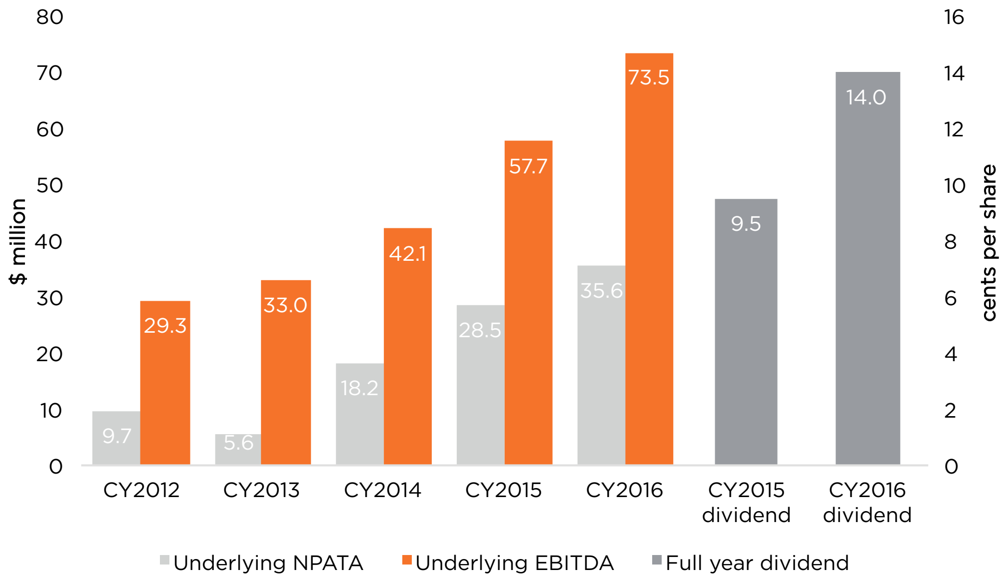
In line with the continued growth in the Out Of Home sector, oOh!media delivered another strong performance for CY2016. Revenue has grown for the past five years, as has Underlying EBITDA and Underlying NPATA.

Remuneration linked to performance and shareholder wealth

The Remuneration and Nomination Committee considers Underlying EBITDA and Underlying NPATA to be the most relevant measures of performance to link executive remuneration. For LTI purposes as a listed company, CAGR of EPS is seen as the most appropriate measure by linking remuneration to the impact on long-term shareholder value.

Underlying reflects adjustments for certain non-operating items including impairment and acquisition-related expenses. Management believes Underlying provides a better representation of financial performance in the ordinary course of business. Underlying represents the same concept as pro forma in the 2015 Annual Report.

Underlying EBITDA, Underlying NPATA and dividends for the past five years are shown below:



Note: There were no dividends paid prior to the IPO in 2014.

The change in the oOh!media Limited (ASX: OML) share price over the course of the trading year is reflected below:

Date	Share price	Change in share price from end of previous year
31 December 2014	2.00	N/A
31 December 2015	4.72	136%
31 December 2016	4.57	-3%

Executive KMP remuneration

Executive KMP	FAR for 2016 ($)
Brendon Cook	608,211
Peter McClelland	512,039

2016 STI outcomes

The Board set a challenging STI scheme target for 2016, targeting a 24.4% increase in Underlying EBITDA from CY2015. Through the combination of a strong Out Of Home market in CY2016, together with strong revenue growth in our key strategic products, actual Underlying EBITDA achieved 100% of the STI scheme target (adjusted for the impact of acquisitions). Based on the STI payout schedule, the 70.0% EBITDA component was paid at 100% to target.

Given the minimum EBITDA hurdle was exceeded, the individual component of the STI, as determined by individual performance ratings, was also considered in the overall STI outcomes for participants.

The Board is committed to building on the strong performance achieved in 2016 and maximising the momentum of the business and the fast-paced growth of the Out Of Home sector.

Target STI for 2016

The table below outlines the Target STI for the Executive KMP for CY2016.

Executive KMP	Min STI	Target STI opportunity[12]	As a % of FAR	Max STI opportunity[13]	Max as a % of FAR
Brendon Cook	$0	$300,000	49%	$810,000	133%
Peter McClelland	$0	$252,869	49%	$682,746	133%

12. Target STI represents the amount payable at 100% of EBITDA plus 100% on personal KPIs.
13. Maximum STI is available on achievement of 150% of budgeted EBITDA and 200% of the Individual Component.

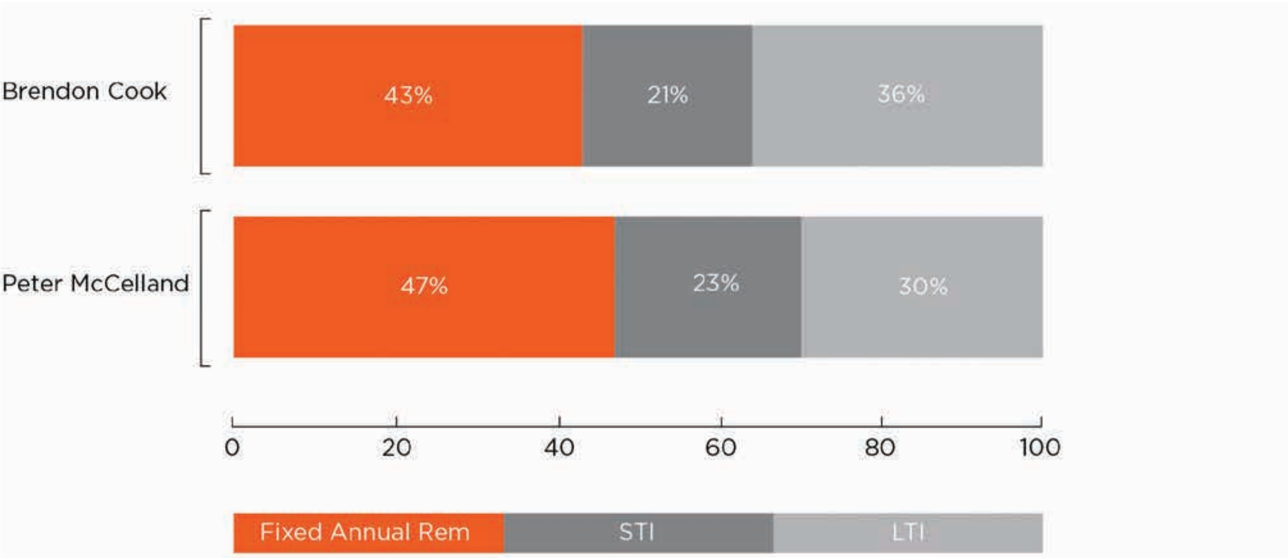
Final 2016 STI payments

The STI payments to the Executive KMP for the calendar year ended 31 December 2016, based on the 2016 STI plan and including the STI payment as a percentage of the FAR, are explained in the following table:

Executive KMP	Target opportunity as a % of FAR	Actual payment as a % of FAR	Amount paid (inclusive of superannuation)	2016 key achievements
Brendon Cook	49%	52%	$318,000 (106% of target)	• Delivered significant growth in revenue, Underlying EBITDA and Underlying NPATA. • Successfully managed expansion of large format digital assets including the accelerated conversion of several assets. • Consolidated oOh!media's digital leadership position through expansion of digital assets and the acquisition of ECN. • •Built oOh!media's content strategy including the acquisition of Junkee Media. • Continued to build a diversified advertising platform by delivering on the key pillars of oOh!media's long-term growth strategy. • Delivered on EBITDA guidance forecasts.
Peter McClelland	49%	51%	$264,248 (105% of target)	• Delivered significant growth in revenue, Underlying EBITDA and Underlying NPATA. • Managed key M&A activities including three acquisitions and successful capital raise of $60.6m to partially fund the purchase of ECN. • Successfully managed significant investor relationships, communications and events. • Delivered on EBITDA guidance forecasts.

Components of remuneration

The following table shows the target remuneration mix as a percentage of total remuneration for each of the Executive KMP in 2016. The STI amount reflects the Target STI opportunity and the LTI amount is based on the total face value of the number of performance rights granted in February 2016 related to the 2016 LTI program.



The rights over ordinary shares granted in the period were:

Executive KMP and Officers	Plan	Number of rights granted during 2016	Vesting condition	Grant date	Face value at grant date $	Fair value at grant date $	Vesting date
Brendon Cook	LTI Plan	109,170	CAGR EPS	3 May 2016	500,000	462,007	February 2019
Peter McClelland	LTI Plan	69,868	CAGR EPS	1 Feb 2016	320,000	295,681	February 2019
Katrina Eastoe	LTI Plan	16,375	CAGR EPS	1 Feb 2016	75,000	69,301	February 2019

2017 LTI Plan

Since the reporting period, the Board has approved the granting of rights over ordinary shares in oOh!media as part of the 2017 LTI Plan to Brendon Cook, Peter McClelland and Katrina Eastoe and nominated employees, with the grant to occur on or about 1 March 2017. These rights have not been included in this Annual Report on the basis that the accounting expense has not yet been incurred. The details of the rights approved to be issued to Executive KMP and officers are listed below. oOh!media will acquire shares on market for those rights to be granted to Brendon Cook. Upon the rights vesting in line with vesting conditions, oOh!media will acquire shares on market for those share to be issued to Brendon Cook, and issue new shares for Peter McClelland and Katrina Eastoe.

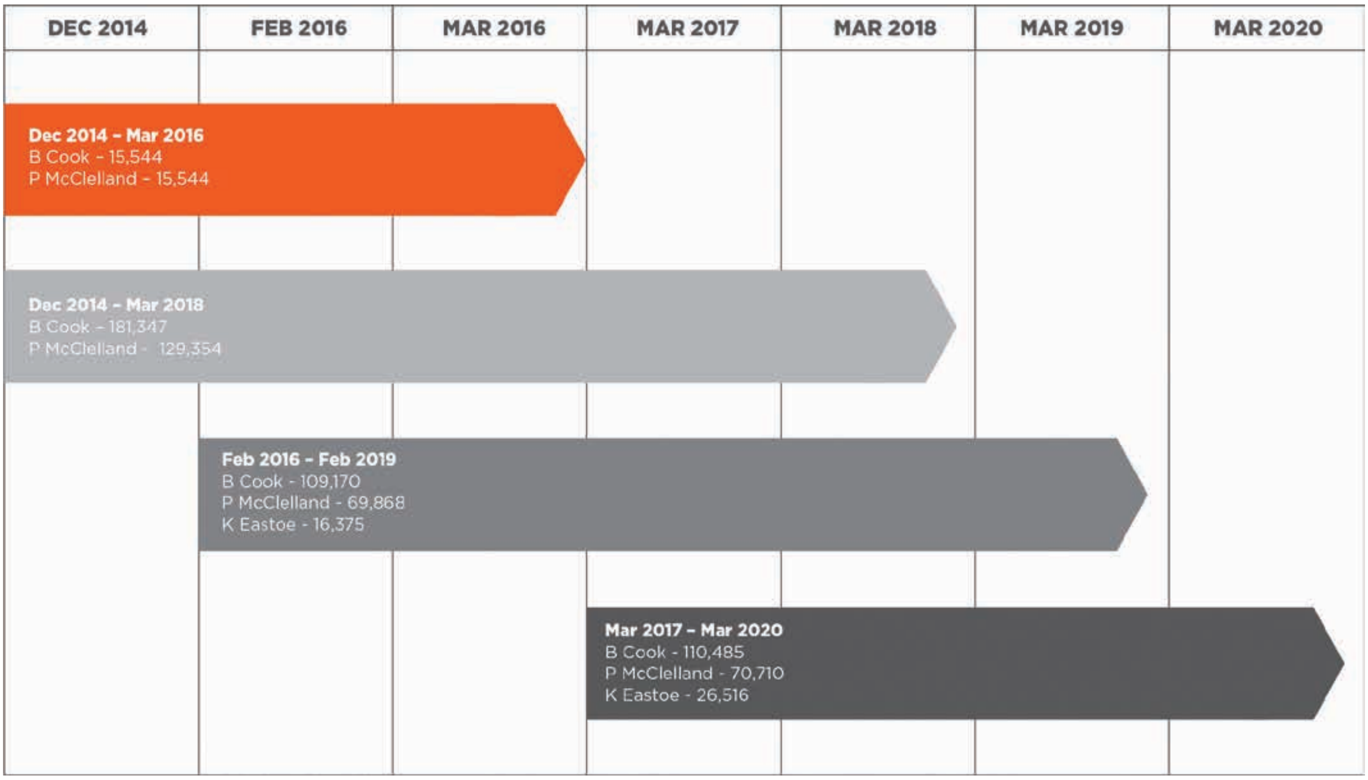
Executive KMP and Officers	Plan	Number of rights granted during 2017	Vesting condition	Proposed grant date	Face value at grant date $	Vesting date
Brendon Cook	LTI Plan	110,485	CAGR EPS	1 March 2017	500,000	February 2020
Peter McClelland	LTI Plan	70,710	CAGR EPS	1 March 2017	320,000	February 2020
Katrina Eastoe	LTI Plan	26,516	CAGR EPS	1 March 2017	120,000	February 2020

If the proposed merger with APN Outdoor proceeds, participants in all oOh!media LTI Plans will be offered replacement APN Outdoor performance rights at a ratio of 0.83 APN Outdoor right per 1.0 oOh!media right. On that basis:

- 2014 and 2016 LTI Plans – rights under these plans will vest on the earlier of 28 February 2018 or 12 months after the Implementation Date of the proposed merger, subject to continued service of the relevant employee; and
- 2017 LTI Plan – rights under this plan will vest in February 2020, subject to continued service of the relevant employee and satisfaction of an earnings per share performance hurdle.

As previously announced, if the proposed merger with APN Outdoor proceeds, Peter McClelland's position will be made redundant at a date to be agreed. The Board has exercised its discretion to accelerate the vesting of Peter McClelland's rights held under the 2014, 2016 and 2017 LTI Plans to fully vest on the date of termination, to be settled in cash[14].

The table below sets out the details of each tranche of rights issued or approved to be issued to Executive KMP and Officers since listing, together with their respective vesting dates.



14. The shareholders of oOh!media approved the provisions of benefits to be provided to Peter McClelland on cessation of his employment prior to the initial public offering of oOh!media in 2014.

Non-executive Director remuneration

Overview and arrangements

The Board aims to set Non-executive Directors' remuneration at a level that attracts and retains high calibre and talented Non-executive Directors. They receive fixed fees only, to preserve independence.

Changes to Board fees were agreed and made from 1 January 2016 to remain competitive with market benchmarks. The changes were made after a review was undertaken in 2015 using benchmarking data of Non-executive Directors remuneration against a range of comparable companies. KPMG and Korn Ferry provided benchmarking data and guidance on market practices to inform changes to Board fees but did not provide any recommendations. The Board is satisfied that the remuneration benchmarking provided by KPMG and Korn Ferry was free from undue influence by the Board or members of the KMP.

The total amount provided to all Non-executive Directors for their services as Directors, as fixed by oOh!media, must not exceed $1,000,000 in aggregate in any financial year.

Non-executive Director fees

From 1 January 2016, the Directors' annual fee structure is as below:

	Chair fee[1]	Member fee[1]
Board	$100,000	$90,000
Audit, Risk and Compliance Committee	$25,000	$10,000
Remuneration and Nomination Committee	$15,000	$10,000

1. Inclusive of superannuation.

Statutory disclosure

Statutory remuneration tables

The following table of KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* (Cth) requirements. The amounts shown relating to share-based remuneration are equal to the accounting expense recognised in oOh!media's Financial Statements in respect of the LTI grant and special incentive grant. The amounts disclosed do not reflect the actual cash amount received this year or in future years.

		Short Term			Post-Employment	Share-based remuneration		Total	
KMP[1]	Year	Salary and Fees (including Annual leave)	Cash Bonus	Non-monetary benefits	Superannuation	LTI Grants[2]	Special Incentive Grant[3]	Total	Performance Related %[4]
Michael Anderson[5]	2016	$173,516	-	-	$16,484	-	-	$190,000	-
	2015	$150,685	-	-	$14,315	-	-	$165,000	-
Brendon Cook	2016	$513,161	$318,000	$46,300	$48,750	$312,608	$6,208	$1,245,027	51%
	2015	$466,982	$436,000	$46,300	$44,363	$99,373	$21,581	$1,114,599	50%
Tony Faure[6]	2016	$134,802	-	-	$8,531	-	-	$143,333	-
	2015	$77,626	-	-	$7,374	-	-	$85,000	-
Debbie Goodin	2016	$115,677	-	-	$10,989	-	-	$126,666	-
	2015	$100,457	-	-	$9,543	-	-	$110,000	-
Geoffrey Wild AM	2016	$91,324	-	-	$8,676	-	-	$100,000	-
	2015	$77,626	-	-	$7,374	-	-	$85,000	-
Darren Smorgon[7]	2016	$95,890	-	-	$9,110	-	-	$105,000	-
	2015	-	-	-	-	-	-	-	-
Peter McClelland	2016	$461,862	$264,248	$6,300	$43,877	$304,078	$6,208	$1,086,573	53%
	2015	$444,098	$383,923	$6,300	$38,732	$70,981	$21,581	$969,072	49%

1. Darren Smorgon, as a CHAMP Equity appointed Director did not receive any Director fees or other remuneration in 2015. Darren left CHAMP Equity in August 2015.
2. Fair value of performance rights related to the LTIs granted in 2014 and 2016, expensed in 2015/2016 and scheduled to vest in 2018 and 2019 respectively.
3. Fair value of performance rights issued related to the special incentive granted in 2014, expensed in 2015/2016 and vested in 2016.
4. Performance related % is calculated by adding cash bonus and share based remuneration amounts (all of which have performance hurdles that determine payment) and dividing by total remuneration.
5. Michael Anderson chaired the Remuneration and Nomination Committee from January to July 2016 and received no extra fees.
6. Tony Faure, Non-executive Director of oOh!media was engaged as a consultant by Junkee Media Pty Limited for $45,000 from the period 1 July to 31 December 2016. Junkee Media Pty Limited is a subsidiary of the company and was acquired on 1 July 2016.
7. Darren Smorgon was made chair of the Remuneration and Nomination Committee from August 2016 and received prorated fees based on the above schedule.

- Patrick Rodden as Alternate Director for Darren Smorgon is not noted in this table as he did not receive any Director fees or other remuneration in 2016.

Shares

The following table sets out the movement during the reporting period in the number of ordinary shares in oOh!media held directly, indirectly, or beneficially by KMP including their related parties. These changes are also reflective as at the date of this report.

Shares	Held at 1 Jan 2016	Granted as remuneration	Exercise of performance rights	Net change other	Held at 31 December 2016
Brendon Cook	699,999	-	15,544	-	715,543
Peter McClelland	115,941	-	15,544	3,538	135,023
Michael Anderson	101,703	-	-	-	101,703
Tony Faure[1]	88,888	-	-	-	88,888
Darren Smorgon	Nil	-	-	45,708	45,708
Debra Goodin	Nil	-	-	16,785	16,785

1. In addition to the above shares in oOh!media, Tony Faure holds 13,098 shares (5% of total shares) in Junkee Media Pty Limited (a subsidiary of the Company acquired on 1 July 2016). These shares are subject to an option which may require the company to purchase the shares in future periods. The estimated value of the liability attributable to the option recognised by oOh!media at 31 December 2016 is $253,333.

Rights over shares granted as compensation

The following table sets out the movement during the reporting period in the number of rights over ordinary shares in oOh!media, held directly, indirectly or beneficially, by KMP or officers in oOh!media, including their related parties.

Executive KMP and Officers	Number held at 1 Jan 2016	Number granted as remuneration	Vesting condition	Number and value – vested and exercised[1]	Number held at 31 December 2016	Not vested
Brendon Cook	196,891	109,170	CAGR EPS	(15,544) $66,528	290,517	290,517
Peter McClelland	145,078	69,868	CAGR EPS	(15,544) $66,528	199,402	199,402
Katrina Eastoe	-	16,375	CAGR EPS	-	16,375	16,375

1. $ based on closing share price of $4.28 on the day of vesting (1 March 2016).

Further information

Service agreements

oOh!media has entered into service contracts with each senior executive. The Group retains the right to terminate a contract immediately by making payment equal to the agreed number of months' fixed annual remuneration in lieu of notice, including superannuation plus any statutory entitlements of accrued annual and long service leave.

The service contracts outline the components of compensation but do not prescribe how compensation levels are modified year to year. The Remuneration and Nomination Committee reviews compensation each year to take into account any changes in scope or nature of role, cost of living or agreed objectives to determine and recommend any changes in line with the remuneration strategy and principles.

The key conditions of the Executive KMPs' service agreements are set out in the following table.

Name	Agreement commenced	Agreement expires	Notice of termination		Termination payments under the contract
			By Company	By Employee	
Brendon Cook	1 Oct 2014	No expiry	12 months	12 months	12 Months FAR
Peter McClelland	1 Oct 2014	No expiry	6 months	3 months	6 Months FAR

All current Non-executive Directors were appointed as at 7 October 2014, except for Debra Goodin and Tony Faure, who were appointed on 28 November 2014. Patrick Rodden was appointed on 22 May 2015 and removed as an alternate Director on 24 May 2016. The terms of their agreements have no fixed end date, no fixed notice of termination period, nor any agreed termination payments.

All Non-executive Directors may not hold office without re-election beyond the third Annual General Meeting following the meeting at which they were last elected.

Detailed information on STI and LTI granted in CY2016

	Annual bonus short-term incentive	Long-term incentive
Description	Annual Incentive plan delivered in cash with a Company Underlying EBITDA payment threshold.	Award of performance rights with a three-year performance period.
Conditions	IIndividual KPIs are set at the beginning of the performance period and are aligned to business level strategic priorities. For 2016 these included: • Growing Underlying EBITDA; • Delivering digital growth; • Aligning leaders around a shared vision and building a performance-based culture; and • Developing audience-led solutions.	CAGR of EPS as a performance measure was chosen to encourage continual year-on-year growth. The threshold and stretch targets for the performance period are determined by the Board and specified to the participant at the time of grant of the performance rights. The specific rates are advised in the Remuneration Report of oOh!media in the year in which vesting is scheduled to occur.
Performance period	Calendar year.	Three calendar years i.e. 1 January 2016 to 31 December 2018.

<table>
<tr><th></th><th>Annual bonus short-term incentive</th><th>Long-term incentive</th></tr>
<tr><td>Amount that can be earned</td><td>
Underlying EBITDA component
<table>
<tr><th>Underlying EBITDA achieved</th><th>STI payable % target</th></tr>
<tr><td><90%</td><td>0%</td></tr>
<tr><td>90%-100%</td><td>30% plus 7% for every 1% achievement above 90%</td></tr>
<tr><td>100%-150%</td><td>100% plus 4% for every 1% achievement above 100%</td></tr>
<tr><td>Greater than 150%</td><td>300% (capped)</td></tr>
</table>
Individual component
The percentage awarded for the individual component of the STI is determined by the individual's performance rating against achievement of their goals and KPIs as recommended by the individual's direct manager (or the Chairman for the CEO). This rating is guided by senior executives for all employees and performance calibration processes are used to ensure consistency across teams.
The guide for bonus percentage on the individual component varied from 0% to 200%, with the final percentage being determined by the Remuneration and Nomination Committee for the Executive KMP and by senior executives for all other employees in line with agreed performance and budgets.
</td><td>
The number of performance rights granted was a fixed dollar amount determined by reference to the face value of the shares on the date of grant. The number of performance rights granted to each executive was the LTI value attributable to the individual divided by the face value of the share at the time of grant ($4.58). Rights were granted for nil consideration.
The number of performance rights granted to each of the KMP was:
<table>
<tr><th>KMP</th><th>No.</th><th>Face value</th><th>Date of grant</th></tr>
<tr><td>Brendon Cook</td><td>109,170</td><td>$500,000</td><td>3 May 2016</td></tr>
<tr><td>Peter McClelland</td><td>69,868</td><td>$320,000</td><td>1 Feb 2016</td></tr>
</table>
</td></tr>
<tr><td>Vesting</td><td>n/a</td><td>
For the 2016 LTI, granted in 2016, the performance rights will vest, or not, following the publication of the 31 December 2018 audited Financial Statements to the Australian Securities Exchange.
The percentage of performance rights that vest, if any, will be determined at the end of the performance period by reference to the following vesting schedule:
</td></tr>
</table>

<table>
<tr><th></th><th>Annual bonus short-term incentive</th><th>Long-term incentive</th></tr>
<tr><td>Vesting continued</td><td>n/a</td><td>
<table>
<tr><th>Company's CAGR of EPS over the performance period</th><th>% of rights that vest</th></tr>
<tr><td>Less than 9% CAGR</td><td>Nil</td></tr>
<tr><td>9% CAGR (threshold performance target)</td><td>50%</td></tr>
<tr><td>Between 9% and 14% CAGR</td><td>Straight line pro rata vesting between 50% and 100%</td></tr>
<tr><td>14% CAGR (stretch performance target)</td><td>100%</td></tr>
<tr><td>Between 14% and 19% CAGR</td><td>Straight line pro rata vesting between 100% and 150%</td></tr>
<tr><td>19% CAGR or above (exceptional performance target)</td><td>150%</td></tr>
</table>
The threshold and stretch targets for oOh!media's CAGR of EPS over the performance period are determined by the Board and specified to the participant at the time of grant of the performance rights. Following testing, any rights that do not vest, lapse.</td></tr>
<tr><td>Restrictions</td><td>Participants must be employed and not under notice of resignation or termination at the completion of the performance period (calendar year) to be eligible for an STI award. The Board retains discretion to settle partial or complete payment in the case of good leavers.</td><td>Shares allocated on the vesting of rights after the three-year performance period are not subject to any additional trading restrictions. If an executive ceases employment with oOh!media before the end of the performance period, their entitlement to rights (if any) will depend on the circumstances of cessation. All rights will lapse in the event of termination for cause.

A full or pro rata number of rights may be approved by the Board if an executive ceases employment by reason of redundancy, ill health, death, or other circumstances approved by the Board including resignation with good leaver status.</td></tr>
<tr><td>Clawback</td><td>n/a</td><td>To ensure integrity within the LTI Plan, the Board retains the authority to clawback or adjust LTI awards in circumstances such as fraudulent or dishonest behaviour, gross misconduct, and breach of obligations or material financial misstatement.</td></tr>
</table>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Financial Report

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2016

	Notes	Consolidated 2016 $'000	2015 $'000
Revenue from continuing operations	5	336,142	279,807
Cost of media sites and production		(191,195)	(168,608)
Gross profit		**144,947**	**111,199**
Operating expenditure			
Employee benefits expense		(52,090)	(39,054)
Depreciation and amortisation expense	11,12	(27,685)	(22,269)
Legal and professional fees		(910)	(1,346)
Other property-related costs		(3,025)	(2,443)
Advertising and marketing expenses		(3,741)	(2,697)
IPO-related expenses		-	672
Acquisition-related expenses		(2,793)	(1,809)
Merger related costs		(1,310)	-
Other expenses	6	(10,790)	(7,935)
Total operating expenditure		**(102,344)**	**(76,881)**
Operating profit		**42,603**	**34,318**
Finance income		108	23
Finance costs		(5,068)	(3,652)
Net finance costs	7	**(4,960)**	**(3,629)**
Share of profit/(loss) of equity-accounted investees, net of tax		(8)	(90)
Profit before income tax		**37,635**	**30,599**
Income tax expense	9	(16,127)	(12,244)
Profit after income tax		**21,508**	**18,355**
Attributable to:			
Owners of the Company		21,601	18,394
Non-controlling interest		(93)	(39)
Profit		**21,508**	**18,355**

Other comprehensive income/(loss)

	Notes	2016 $'000	2015 $'000
Profit		**21,508**	**18,355**
Items that may be subsequently classified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges, net of tax		160	(93)
Foreign currency translation differences		60	166
Total other comprehensive income		**21,728**	**18,428**
Attributable to:			
Owners of the Company		21,821	18,467
Non-controlling interest	18(c)	(93)	(39)
Total comprehensive income		**21,728**	**18,428**
Earnings per share attributable to the ordinary equity holders of the Company		**2016 cents**	**2015 cents**
Basic earnings per share (cents)	29	14	12
Diluted earnings per share (cents)	29	14	12

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000
Current assets			
Cash and cash equivalents		8,193	18,527
Trade and other receivables	10	79,411	60,089
Inventories		565	1,168
Other assets	14	8,104	5,443
Total current assets		**96,273**	**85,227**
Non-current assets			
Property, plant and equipment	11	102,822	80,279
Intangible assets and goodwill	12	329,376	255,541
Equity-accounted investees		207	214
Deferred tax assets	9	9,949	9,791
Total non-current assets		**442,354**	**345,825**
Total assets		**538,627**	**431,052**
Current liabilities			
Trade and other payables	16	47,943	38,618
Loans and borrowings	15	63	112
Deferred consideration		120	1,952
Provisions	17	3,308	4,306
Employee Benefits		3,688	1,688
Income tax payable		14,965	9,073
Total current liabilities		**70,087**	**55,749**
Non-current liabilities			
Loans and borrowings	15	122,341	104,742
Provisions	17	16,403	13,448
Employee Benefits		2,155	2,014
Derivative liabilities		786	186
Total non-current liabilities		**141,685**	**120,390**
Total liabilities		**211,772**	**176,139**
Net assets		**326,855**	**254,913**
Equity			
Share capital	18(a)	349,510	283,585
Reserves	18(b)	25,763	25,436
Accumulated losses		(47,040)	(52,593)
Equity attributable to the owners of the Company		**328,233**	**256,428**
Non-controlling interest	18(c)	(1,378)	(1,515)
Total equity		**326,855**	**254,913**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 31 December 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		352,137	301,518
Payments to suppliers and employees (inclusive of goods and services tax)		(284,204)	(241,959)
Cash generated from operations		67,933	59,559
Interest paid		(5,537)	(3,149)
Income tax paid		(9,835)	(1,052)
Insurance recovery		1,497	–
Net cash from operating activities	30	**54,058**	**55,358**
Cash flows from investing activities			
Interest received		108	22
Acquisition of property, plant and equipment	11	(35,986)	(27,908)
Acquisition of intangible assets	12	(3,036)	(169)
Acquisition of subsidiaries, net of cash acquired	22	(80,957)	(45,083)
Acquisition of non-controlling interest	23	–	(1,750)
Transaction costs related to acquisitions		(1,774)	(1,747)
Payment for purchase of businesses		–	(1,200)
Deferred consideration paid		(1,507)	(591)
Concession development advances		(3,715)	3,086
Net cash used in investing activities		**(126,867)**	**(75,340)**
Cash flows from financing activities			
Proceeds from issue of shares		61,760	-
Transaction costs related to issue of shares		(1,122)	(328)
Proceeds from loans and borrowings		172,000	92,500
Repayment of loans and borrowings		(154,000)	(69,500)
Payment of finance lease liabilities		(115)	(163)
Dividends paid	18(d)	(16,048)	(4,197)
Net cash from financing activities		**62,475**	**18,312**
Net increase/(decrease) in cash and cash equivalents		**(10,334)**	**(1,670)**
Cash and cash equivalents at 1 January		18,527	20,197
Cash and cash equivalents at 31 December		**8,193**	**18,527**

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

Consolidated statement of changes in equity

for the year ended 31 December 2016

Consolidated	Contributed equity $'000	Foreign currency translation reserve $'000	Other equity reserve $'000	Cash flow hedge reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2015	283,585	-	18,408	(93)	6,251	(66,404)	(112)	241,635
Total comprehensive income for the period:								
Profit/(loss) for the period after income tax	-	-	-	-	-	18,394	(39)	18,355
Other comprehensive income/(loss):								
Effective portion of changes in fair value of cash flow hedges	-	-	-	(93)	-	-	-	(93)
Exchange differences on translation of foreign operations	-	166	-	-	-	-	-	166
Total comprehensive income for the period	**-**	**166**	**-**	**(93)**	**-**	**18,394**	**(39)**	**18,428**
Transactions with owners, recorded directly in equity:								
Contributions and distributions								
Dividends paid	-	-	-	-	-	(4,197)	-	(4,197)
Equity-settled share-based payment transactions	-	-	-	-	797	-	-	797
Changes in ownership interests								
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	(386)	(1,364)	(1,750)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**797**	**(4,583)**	**(1,364)**	**(5,150)**
Balance at 31 December 2015	**283,585**	**166**	**18,408**	**(186)**	**7,048**	**(52,593)**	**(1,515)**	**254,913**
Balance at 1 January 2016	**283,585**	**166**	**18,408**	**(186)**	**7,048**	**(52,593)**	**(1,515)**	**254,913**
Total comprehensive income for the period:								
Profit/(loss) for the period after income tax	-	-	-	-	-	21,601	(93)	21,508
Other comprehensive Income/(loss)								
Effective portion of changes in fair value of cash flow hedges	-	-	-	160	-	-	-	160
Exchange differences on translation of foreign operations	-	60	-	-	-	-	-	60
Total comprehensive income for the period	**-**	**60**	**-**	**160**	**-**	**21,601**	**(93)**	**21,728**
Transactions with owners, recorded directly in equity:								
Contributions and distributions								
Issue of ordinary shares	66,732	-	-	-	(486)	-	-	66,246
Share issue costs	(1,122)	-	-	-	-	-	-	(1,122)
Dividends paid	-	-	-	-	-	(16,048)	-	(16,048)
Equity-settled share-based payment transactions	-	-	-	-	1,353	-	-	1,353
Put option on acquisition	-	-	(760)	-	-	-	-	(760)
Deferred tax asset on share issue costs	315	-	-	-	-	-	-	315
Changes in ownership interests								
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	230	230
Total transactions with owners of the Company	**65,925**	**-**	**(760)**	**-**	**867**	**(16,048)**	**230**	**50,214**
Balance at 31 December 2016	**349,510**	**226**	**17,648**	**(26)**	**7,915**	**(47,040)**	**(1,378)**	**326,855**

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


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Notes to the consolidated financial statements

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Note 1. Reporting entity

oOh!media Limited (OML) (the Company) is a company domiciled in Australia. The Company was incorporated on 7 October 2014 and listed on the Australian Securities Exchange (ASX) on 17 December 2014. The Company's registered office and principal place of business is at Level 2, 76 Berry Street, North Sydney, NSW 2060.

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the Group, and individually as Group entities), and the Group's interests in associates and joint ventures. The comparative information represents the period 1 January 2015 to 31 December 2015.

The Group is a for-profit entity and is primarily involved in outdoor media, production and advertising in Australia and New Zealand.

Note 2. Basis of accounting

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001 (Cth)*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Full disclosure notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 31 December 2015.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 February 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- Derivative financial instruments are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

i. Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(a)(iv); 22 - business combinations;
- Note 11 – estimated useful lives of assets;
- Note 8 (iii) – share-based payments;
- Note 12 - estimated useful life of intangibles;
- Note 17 (ii) – onerous lease provisions; and
- Note 13 – impairment of non-current assets.

ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 December 2017 are included in the following notes:

- Note 3(a)(iv); 22 – business combinations: fair value measured on a provisional basis;
- Note 9 – recognition of deferred tax assets: availability of future taxable profit against which deferred tax assets can be utilised;
- Notes 10; 17 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 8 (iii) – share-based payments; measurement of fair value and assessment of the vesting period; and
- Note 13 – impairment test: key assumptions underlying recoverable amounts.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, who report directly to the Chief Financial Officer.

The finance team reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit, Risk and Compliance Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 3(a)(iv); 22 – business combinations: fair value measured on a provisional basis;
- Note 20 – financial risk management; and
- Note 8 (iii) – share-based payment arrangements.

(e) Changes in accounting policies

The accounting policies adopted in this report have been consistently applied by each entity in the Group and are consistent with those of the previous year.

(f) New standards and interpretations

The Group has adopted all of the relevant new, revised, or amending Accounting Standards and interpretations issued by the AASB that are mandatory for the current reporting period.

A number of new standards and amendments to standards are effective for annual reporting periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these consolidated financial statements.

AASB 15 Revenue from contracts with customers and AASB 9 Financial Instruments (2014)

With respect to the new standards on issue but not yet effective, AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014), the Group has completed an assessment of the impact of these standards on the Group's results, financial position and disclosures and has determined that they will not have a material impact. The standards are effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not however intend on adopting these new standards or amendments before their mandatory effective dates.

AASB 16 Leases

With respect to AASB 16 Leases, the Group is yet to assess the full impact of the new standard. The application of AASB 16 will have a material effect on the Group's reported assets and liabilities which will impact key financial ratios. Information on the undiscounted amount of the Group's operating lease commitments at 31 December 2016 under AASB 117, the current leases standard, is disclosed in note 24. The new standard is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also early adopt AASB 15 Revenue from contracts with customers. The Group does not intend to early adopt. Under AASB 16, the present value of these commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use. The ongoing income statement classification of what is currently predominantly presented as a cost of media sites will be split between amortisation and interest expense. In addition, the cost of implementing the standard may be significant. During the financial year the Group commenced a project to consolidate its leasing database into its core operating systems, which will provide the key underlying data required to assess and report the impact of AASB 16.

Note 3. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Where applicable, accounting policies can be found throughout the notes to these financial statements, beneath the appropriate note disclosure.

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of oOh!media Limited and the results of subsidiaries. oOh!media Limited and its subsidiaries together are referred to in this Annual Financial Report as 'the Group'.

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ii. Investments in equity-accounted investees

The Group's interest in equity-accounted investees represents its interest in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's interest in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iv. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. All payments to purchase a business are recorded at fair value at the acquisition date. The non-controlling interest in the acquiree is either measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

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 the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment by the acquiree to restructure the acquired entity and a reliable estimate of the amount of the liability can be made.

When control is lost, any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

v. Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. See also Note 23.

(b) Income tax - see 'Note 9. Income tax'

(c) Receivables and revenue recognition - see 'Note 10. Trade and other receivables'/ 'Note 5. Revenue'

(d) Plant and equipment - see 'Note 11. Property, plant and equipment'

(e) Intangibles - see 'Note 12. Intangible assets and goodwill'

(f) Financial instruments - see 'Note 20. Financial risk management'

(g) Leases - see 'Note 24. Leases'

(h) Trade and other payables - see 'Note 16. Trade and other payables'

(i) Employee benefits- see 'Note 8. Share based payments'

(j) Cash and cash equivalents - see 'Note 30. Reconciliation of cash flows from operating activities'

(k) Impairment of assets - see 'Note 13. Impairment of non-current assets'

(l) Foreign currency translation

i. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

ii. Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates unless this is not a reasonable approximation of the:
  - Cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
  - All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such Investments, are taken to shareholders' equity. When a foreign operation is sold, ceases operation or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(m) Borrowings - see 'Note 15. Loans and borrowings'

(n) Finance income and finance costs - see 'Note 7. Net finance costs'

(o) Maintenance and repairs - see 'Note 11. Property, plant and equipment'

(p) Provisions - see 'Note 17. Provisions'

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Share capital - see 'Note 18. Capital and reserves'

(s) Glossary - Refer to page 108 for Glossary of defined terms.

Note 4. Operating segments

(a) Basis for segmentation

The Group operates as a single segment providing a range of Out Of Home advertising solutions.

(b) Reconciliation of information on reportable segments to IFRS measures

	2016 $'000	2015 $'000
Underlying EBITDA	**73,540**	**57,724**
Initial Public Offering (IPO) related expenses	-	672
Merger related costs	(1,310)	-
Insurance recovery (net of costs)	1,217	-
Prior year GST audit	(366)	-
Acquisition-related expenses	(2,793)	(1,809)
Statutory EBITDA	**70,288**	**56,587**
Share of profit/(loss) of equity-accounted investees, net of tax	(8)	(90)
Amortisation	(11,417)	(9,383)
Depreciation	(16,268)	(12,886)
Net finance costs	(4,960)	(3,629)
Profit/(loss) before income tax	**37,635**	**30,599**

Note 5. Revenue

	2016 $'000	2015 $'000
Sale of media, production and other services	334,110	279,015
Other	2,032	792
	336,142	**279,807**

Revenue by Product

Key information relating to the Group's financial performance is detailed below. This is also included in management reports reviewed by the Group's chief operating decision maker (the Board).

	2016 $'000	2015 $'000
Road	124,588	110,936
Retail	109,176	99,042
Fly	56,006	54,490
Locate	28,910	9,754
New Zealand	9,814	5,585
Other[1]	7,648	-
External Revenues[2]	**336,142**	**279,807**

1. Other revenues include Cactus and Junkee.
2. All revenues excluding New Zealand have been generated in Australia.

Accounting policy: Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax. Revenue from core operating activities consists of Out Of Home advertising revenues. Revenue from Out Of Home advertising is recognised equally on a pro rata basis over the period in which the advertising is on display. Revenue for media production work is recognised on completion of the assignment. Commissions payable to advertising and media agencies are recognised as expenses.

Note 6. Other expenses

	2016 $'000	2015 $'000
Office expenses	1,898	1,311
Information technology and communications expenses	2,094	1,563
Taxes and charges	2,831	2,524
Loss on sale of assets	436	581
Other expenses	3,531	1,956
	10,790	**7,935**

Note 7. Net finance costs

	2016 $'000	2015 $'000
Finance income	**(108)**	**(23)**
Interest expense on bank borrowings	4,596	3,262
Amortisation of debt facility establishment costs	346	139
Finance leases	12	20
Other interest expense	114	231
Finance costs	**5,068**	**3,652**
Net finance costs	**4,960**	**3,629**

Accounting policy: Finance income and finance costs

i. Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on bank borrowings, finance lease charges, short-term and long-term borrowings and ancillary costs incurred in connection with arrangement of borrowings.

ii. Finance income

Finance income is recognised as income in the period in which it is earned. Finance income includes Interest income which is recognised on a time proportion basis using the effective interest method.

Note 8. Share-based payments

Description of the share-based payment arrangements

As at 31 December 2016 the Group had the following share-based payment arrangements:

Long-term incentive plan - performance rights

A total of 264,249 Tranche #2 performance rights vested in March 2016, with vesting conditions satisfied. The Company issued a further 610,714 performance rights that entitle senior executives to receive shares in the Company during the year ended 31 December 2016. Details in relation to grants issued in the year ended 31 December 2016 and in respect of grants of performance rights to employees in prior periods, are detailed in the table below. As the performance right entitles the holder of the right to receive a share for no consideration at a future date, the exercise price is considered to be nil.

The key terms of these grants and assumptions in the calculation of the grant date fair value are outlined below.

Performance rights granted to senior executives that existed during the period are as follows:

	Grant date	Vesting date	Number granted
Tranche #1	17-Dec-14	15-Feb-18	839,378
Tranche #2	17-Dec-14	15-Mar-16	269,430
Tranche #3	1-Feb-16	15-Feb-19	610,714
Total performance rights			**1,719,522**

Vesting conditions for the performance rights are as follows:

Tranche #1 - 3 years service from grant date and 10% compound annual growth (CAGR) in earnings per share (EPS); and

Tranche #2 - 1.25 years service from grant date and achievement of 2015 net profit after tax target.

Tranche #3 - 3 years service from grant date and 14% compound annual growth (CAGR) in earnings per share (EPS).

In December 2016 a proposed merger between the Company and APN Outdoor Limited was announced. The merger is subject to ACCC and shareholder approval. At the date of this report the approvals have not yet been granted. Should the merger proceed the vesting date on the Tranche #3 performance rights will change to February 2018.

Reconciliation of performance rights

The number of performance rights on issue during the year is illustrated below:

	Number of rights #	Face Value $
Outstanding at 1 January 2016	1,056,995	2,040,001
Exercised during the period	(264,249)	(510,001)
Granted during the period	610,714	2,797,070
Forfeited during the period	(32,751)	(150,000)
Outstanding at 31 December 2016	**1,370,709**	**4,177,070**
Exercisable at 31 December 2016	**-**	**-**

A share-based payment expense of $1,353,000 relating to the performance rights was expensed in the year to 31 December 2016 (2015: $797,000) and is included in the ‘Employee benefits’ expense line in the consolidated statement of profit or loss and other comprehensive Income.

Measurement of fair values

The fair value of the share-based payment plans was measured based on the Binomial model. The inputs used in the measurement of the fair values at grant date were as follows:

Fair value of performance rights and assumptions	**Tranch #1**	**Tranch #2**	**Tranch #3**
Share price at grant date	$1.93	$1.93	$4.58
5-day VWAP at grant date	-	-	$4.55
Fair value at grant date	$1.73	$1.84	$4.23
Exercise price	Nil	Nil	Nil
Expected volatility	20% to 25%	30% to 35%	33.9%
Expected life	3 years	1.25 years	3 years
Expected dividends	3.0% to 3.5%	3.0% to 3.5%	2.50%
Risk-free interest rate (based on government bonds)	2.74%	2.53%	1.90%

Accounting policy: Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Long service leave

The liability for long service leave 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 provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Benefits falling more than 12 months after the end of the reporting period are classified as non-current.

iii. Shared-based payment transactions

The Group currently engages in the practice of allocating its employees equity share-based payments as part of their remuneration packages.

The grant date fair value of share-based payment arrangements granted to employees is recognised as a share based payment expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the equity instrument is calculated using the Black-Scholes or Binomial model.

iv. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value and classified as non-current.

v. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or reduction of future payments is available.

Employee benefit expenses includes contribution to defined contribution plans of $3,140,000 for the current reporting period (2015: $2,235,000).

Note 9. Income tax

(a) Tax recognised in profit or loss

	2016 $'000	2015 $'000
Current tax expense		
Current tax expense	15,298	11,884
Adjustment for prior periods	370	147
Total current income tax expense	**15,668**	**12,031**
Deferred tax expense		
Origination and reversal of temporary differences	459	213
Total deferred income tax expense	**459**	**213**
Total tax expense	**16,127**	**12,244**

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

(b) Tax recognised directly in Other Comprehensive Income (OCI)

	2016			2015		
	Before tax $'000	Tax (expense) benefit $'000	Net of tax $'000	Before tax $'000	Tax (expense) benefit $'000	Net of tax $'000
Changes in fair value of cash flow hedges	**160**	**(48)**	**112**	**(93)**	**28**	**(65)**

(c) Reconciliation of effective tax rate

	2016 $'000	2015 $'000
Profit after income tax for the year	21,508	18,355
Total tax expense	16,127	12,244
Profit/(loss) before income tax	**37,635**	**30,599**
Tax using the Company's domestic tax rate 30% (2015: 30%)	11,291	9,180
Effect of tax rates in foreign jurisdictions	(24)	(4)
Non-deductible expenses	4,330	2,948
Effect of share of profit/(loss) of equity-accounted investees	(2)	(27)
Current year losses for which no deferred tax asset was recognised	162	-
Under provided in prior years	370	147
Total tax expense	**16,127**	**12,244**

(d) Recognised deferred tax assets and liabilities

Movement in deferred tax balances during the year

	Balance 1 January 2016 $'000	Recognised in profit or loss $'000	Recognised on acquisitions $'000	Recognised in OCI $'000	Recognised directly in equity $'000	Balance 31 December 2016 $'000
Plant and equipment	(737)	(800)	-	-	-	(1,537)
IPO transaction costs	220	(73)	-	-	-	147
Transactions costs related to acquisitions	444	566	-	-	-	1,010
Cash flow hedges	56	-	-	(48)	-	8
Capital costs deductible over 5 years	1,429	(563)	-	-	315	1,181
Accrued expenses	2,043	(436)	73	-	-	1,680
Provisions	5,226	570	159	-	-	5,955
Employee benefits provision	1,110	277	118	-	-	1,505
Total tax assets	**9,791**	**(459)**	**350**	**(48)**	**315**	**9,949**

	Balance 1 January 2015 $'000	Recognised in profit or loss $'000	Recognised on acquisitions $'000	Recognised in OCI $'000	Recognised directly in equity $'000	Balance 31 December 2015 $'000
Plant and equipment	(410)	(327)	-	-	-	(737)
IPO transaction costs	293	(73)	-	-	-	220
Transactions costs related to acquisitions	-	444	-	-	-	444
Cash flow hedges	28	-	-	28	-	56
Capital costs deductible over 5 years	1,929	(500)	-	-	-	1,429
Accrued expenses	866	1,116	61	-	-	2,043
Provisions	6,136	(919)	9	-	-	5,226
Employee benefits provision	957	63	90	-	-	1,110
Carry forward tax loss	17	(17)	-	-	-	-
Total tax assets	**9,816**	**(213)**	**160**	**28**	**-**	**9,791**

Accounting policy: Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

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 substantially 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.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax consolidation legislation

oOh!media Limited and its wholly-owned Australian controlled entities apply the tax consolidation legislation.

The deferred tax balances recognised by the parent entity and the consolidated entity in relation to wholly-owned entities joining the tax consolidated group are initially measured and remeasured based on the carrying amounts of the assets and liabilities of those entities at the level of the tax consolidated group and their tax values, as applicable under the tax consolidation legislation.

oOh!media Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax (expense)/benefit.

In accordance with Urgent Issues Group Interpretation 1052 "Tax Consolidation Accounting", the controlled entities in the tax consolidated group account for their own deferred tax balances, except for those relating to tax losses.

Note 10. Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	77,745	58,896
Allowance for impairment of receivables	(688)	(413)
	77,057	58,483
Other receivables	2,354	1,606
Total trade and other receivables	**79,411**	**60,089**

Information on the Group's exposure to credit and market risks and impairment losses for trade and other receivables are included in Note 20.

Accounting policy: Trade Receivables

All trade debtors are recognised at the amount receivable as they are due for settlement no more than 45 days from the date of recognition. Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity may not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the provision is recognised in the statement of financial position with a corresponding charge recognised in the statement of profit or loss and other comprehensive income.

Note 11. Property, plant and equipment

Reconciliation of carrying amount

Consolidated	2016			
	Leasehold improvements $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
Cost				
At 1 January 2016	4,861	125,008	10,332	140,201
Additions	3,684	32,302	-	35,986
Business combinations	-	12,329	-	12,329
Disposals	(664)	(723)	-	(1,387)
Effects of movements in exchange rates	-	214	-	214
At 31 December 2016	**7,881**	**169,130**	**10,332**	**187,343**
Accumulated depreciation				
At 1 January 2016	(1,345)	(50,362)	(8,215)	(59,922)
Depreciation for the year	(1,358)	(14,465)	(445)	(16,268)
Business combinations	-	(9,134)	-	(9,134)
Disposals	365	586	-	951
Effects of movements in exchange rates	-	(148)	-	(148)
At 31 December 2016	**(2,338)**	**(73,523)**	**(8,660)**	**(84,521)**
Carrying amount at 31 December 2016	**5,543**	**95,607**	**1,672**	**102,822**

Consolidated	2015			
	Leasehold improvements $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
Cost				
At 1 January 2015	4,394	96,939	10,332	111,665
Additions	467	27,441	-	27,908
Business combinations	-	3,443	-	3,443
Disposals	-	(3,102)	-	(3,102)
Effects of movements in exchange rates	-	287	-	287
At 31 December 2015	**4,861**	**125,008**	**10,332**	**140,201**
Accumulated depreciation				
At 1 January 2015	(987)	(40,564)	(7,727)	(49,278)
Depreciation for the year	(358)	(12,040)	(488)	(12,886)
Disposals	-	2,092	-	2,092
Effects of movements in exchange rates	-	150	-	150
At 31 December 2015	**(1,345)**	**(50,362)**	**(8,215)**	**(59,922)**
Carrying amount at 31 December 2015	**3,516**	**74,646**	**2,117**	**80,279**

Accounting policy: Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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 statement of comprehensive income during the financial period in which they are incurred.

Within the Group, depreciation is calculated on a straight line basis to write-off the cost of each item of plant and equipment over its estimated remaining useful life (less the estimated residual value). 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:

- Leasehold improvements 2-10 years; and
- Plant and equipment 2-20 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income.

Accounting policy: Maintenance and repairs

Certain plant and equipment is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated over their useful lives. Other routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

Note 12. Intangible assets and goodwill

Reconciliation of carrying amount

Consolidated	2016				
	Brands $'000	Goodwill $'000	Licences $'000	Software $'000	Total $'000
Cost					
At 1 January 2016	7,648	145,352	138,548	2,703	294,251
Acquisitions through business combinations	2,135	56,715	21,372	4,440	84,662
Acquisitions - internally generated	-	-	-	3,036	3,036
Reclassification	-	-	(595)	-	(595)
At 31 December 2016	**9,783**	**202,067**	**159,325**	**10,179**	**381,354**
Accumulated amortisation and impairment					
At 1 January 2016	(2,608)	(2,638)	(32,744)	(720)	(38,710)
Amortisation for the year	(642)	-	(9,492)	(1,283)	(11,417)
Acquisitions through business combinations	-	-	-	(2,125)	(2,125)
Reclassification	-	-	274	-	274
At 31 December 2016	**(3,250)**	**(2,638)**	**(41,962)**	**(4,128)**	**(51,978)**
Carrying amount at 31 December 2016	**6,533**	**199,429**	**117,363**	**6,051**	**329,376**

Consolidated	2015				
	Brands $'000	Goodwill $'000	Licences $'000	Software $'000	Total $'000
Cost					
At 1 January 2015	7,529	118,116	119,897	1,360	246,902
Additions	119	27,236	18,658	1,336	47,349
Reclassification	-	-	(7)	7	-
At 31 December 2015	**7,648**	**145,352**	**138,548**	**2,703**	**294,251**
Accumulated amortisation and impairment					
At 1 January 2015	(2,169)	(2,638)	(24,087)	(421)	(29,315)
Amortisation for the year	(439)	-	(8,645)	(299)	(9,383)
Reclassification	-	-	(12)	-	(12)
At 31 December 2015	**(2,608)**	**(2,638)**	**(32,744)**	**(720)**	**(38,710)**
Carrying amount at 31 December 2015	**5,040**	**142,714**	**105,804**	**1,983**	**255,541**

Accounting policy: Intangible assets

i. Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for impairment testing. Refer to Note 13 for further information.

ii. Licences

Licences represent the rights and relationships associated with acquired site leases and the associated new business revenue streams. Licences are amortised over their expected useful life (on average 15 years).

iii. Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

iv. Amortisation

Amortisation is calculated to write-off the cost of intangible assets less estimated residual values using the straight line method over their estimated useful lives, and is recognised in the statement of profit or loss and comprehensive income. The estimated useful lives are as follows:

- Licences 15 years;
- Brands 2-15 years; and
- Software 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 13. Impairment of non-current assets

Cash generating units (CGUs) have been identified as follows for the year ended 31 December 2016: Australia, New Zealand, Cactus and Junkee. The independence of cash inflows is assessed in identifying CGUs. The carrying value of assets allocated to each CGU is supported by their recoverable amount.

	Australia $'000	Cactus $'000	Junkee $'000	New Zealand $'000	Total $'000
Goodwill	192,561	2,561	4,307	-	199,429

The recoverable amount of the Group's CGUs was based on value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2016 was determined similarly to the 31 December 2015 impairment test and was based on the following key assumptions:

• Annual EBITDA growth	Latest management forecast for next twelve months, plus 3% EBITDA growth in subsequent years with the exception of Junkee where higher growth rates were used reflective of the business case.
• Terminal growth rate	3.0%
• Discount rate post tax	Australia 9.4 % (2015: 9.8%) and New Zealand 11.2% (2015: 11.6%), Cactus 13.3% and Junkee 15.0%.

The values assigned to the key assumptions represent Management's assessment of future trends in the media industry and are based on historical data from both external and internal sources. Comparative information is not provided for Junkee and Cactus as they became CGU's in 2016 following acquisition. No impairment was recognised in 2016 (2015: Nil).

Accounting policy: Impairment of assets

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note 14. Other assets

	2016 $'000	2015 $'000
Advance payments	1,407	1,342
Prepayments	1,871	1,599
Other assets[1]	4,826	2,502
Total other assets	**8,104**	**5,443**

1. Other assets consist primarily of revenue recognised but not yet invoiced.

Note 15. Loans and borrowings

	2016 $'000	2015 $'000
Current		
Finance lease liabilities	63	112
Total current borrowings	**63**	**112**
Non-current		
Bank loan	123,000	105,000
Unamortised borrowing costs	(676)	(275)
Finance lease liabilities	17	17
Total non-current borrowings	**122,341**	**104,742**
Total loans and borrowings	**122,404**	**104,854**

The banking syndicate has security over the assets of the Company and its subsidiaries. On 19 December 2016, the Group refinanced its secured revolving facilities agreement for the amount of $170 million with an expiry of May 2020. The Group also secured an additional three year $50 million banking facility in February 2016 exclusively with Westpac. The total facilities agreement available is $220 million.

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 20.

Accounting Policy: Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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 reporting period.

Note 16. Trade and other payables

	2016 $'000	2015 $'000
Trade payables	7,460	5,109
Accrued expenses	33,243	27,075
Income in advance	3,073	3,091
Other payables	4,167	3,343
Total trade and other payables	**47,943**	**38,618**

Information about the Group's exposure to currency and liquidity risks is included in Note 20.

Accounting policy: Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Income in advance is recognised within trade payables where invoices are issued in advance of the period in which the revenue is earned.

Note 17. Provisions

Reconciliation of movements in other provisions

	2016			
	Onerous contracts $'000	Make good $'000	Straight-lining of site rents $'000	Total $'000
Balance at 1 January 2016	2,383	11,337	4,034	17,754
Charged/(credited) to profit or loss:				
Provisions made during the year	-	1,423	2,829	4,252
Provisions used during the year	(2,039)	(2)	(277)	(2,318)
Effects of movements in exchange rates	5	15	3	23
Balance at 31 December 2016	**349**	**12,773**	**6,589**	**19,711**
2016				
Current provisions	349	1,405	1,554	3,308
Non-current provisions	-	11,368	5,035	16,403
	349	**12,773**	**6,589**	**19,711**
2015				
Current provisions	1,540	1,096	1,670	4,306
Non-current provisions	843	10,241	2,364	13,448
	2,383	**11,337**	**4,034**	**17,754**

Accounting policy: Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

i. Make good

The provision relates to the recognition of the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. A make good provision is recognised for the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost. At the time of initial recognition of the make good provision, a corresponding asset is recognised as part of plant and equipment.

ii. Onerous contracts

The provision represents the present value of the estimated costs that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

iii. Straight line rent

A provision for straight line rent is recognised to account for the difference between the straight line accounting expense recognised in the statement of profit or loss and other comprehensive income and the periodic cash payment as a result of fixed rental increases. The provision is amortised to nil in profit or loss by the lease expiration date.

Note 18. Capital and reserves

(a) Contributed equity

	2016 Number	2015 Number	2016 $'000	2015 $'000
Issued and paid up share capital	**164,138,049**	**149,882,534**	**349,510**	**283,585**

	2016 Number of shares	2015 Number of shares
Escrow fully paid ordinary shares	570,719	46,912,705
Fully paid ordinary shares	163,567,330	102,969,829
Number of shares as at 31 December	**164,138,049**	**149,882,534**

Movements in contributed equity

	2016 Number	2015 Number	2016 $'000	2015 $'000
Balance at 1 January	149,882,534	149,882,534	283,585	283,585
Transaction costs arising from issue of shares	-	-	(1,122)	-
Deferred tax asset in relation to transaction costs	-	-	315	-
Issuance of performance rights - Tranche 2	264,249	-	486	-
Capital raising - shares issued	12,631,579	-	60,000	-
ECN acquisition - shares issued	944,586	-	4,486	-
Share purchase plan	415,101	-	1,760	-
Balance at 31 December	**164,138,049**	**149,882,534**	**349,510**	**283,585**

(i) Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

(b) Reserves

	2016 $'000	2015 $'000
(i) Reserves		
Foreign currency translation reserve	226	166
Other equity reserve	17,648	18,408
Cash flow hedge reserve	(26)	(186)
Share-based payments reserve	7,915	7,048
Total reserves	**25,763**	**25,436**

Nature and purpose of reserves

Foreign currency translation reserve - The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations in New Zealand (refer to Note 3(l)).

Other equity reserve - The other equity reserve mostly represents the difference between the issued capital in Outdoor Media Investments Limited (OMI) and the consideration paid to acquire OMI on 18 December 2014. The transaction was accounted for as a common control transaction as disclosed in the annual financial statements for the year ended 31 December 2014. The other equity reserve reflects the share price movements for former OMI owners who remained as oOh!media Limited (OML) owners. It also includes $760,000 in relation to the Put option on the NCI in the Junkee acquisition (see Note 23).

Cash flow hedge reserve - The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (refer to Note 20).

Share-based payments reserve - The share-based payments reserve is used to record the value of share-based payments provided to employees, as part of their remuneration and the expense relating to cancelled shares under the legacy share-based payments plan. The current balance relates to unexercised rights issued to senior executives. A portion of this reserve may be reversed against contributed equity if the underlying rights are exercised and results in shares being issued.

(c) Non-Controlling Interests (NCI)

	2016 $'000	2015 $'000
Balance at beginning of the year	(1,515)	(112)
Share of operating profit/(loss) for the period after income tax	(93)	(39)
Acquisition of non-controlling interest	230	(1,364)
Balance at end of the year	**(1,378)**	**(1,515)**

In July 2016, the Group acquired an 85% equity interest in Junkee Media Pty Limited (refer to Note 22). Accordingly, the information relating to the NCI on Junkee is only for the period from July to December 2016. The Group's equity interest in CloseBuys Pty Limited and oOh!media Social Sports Pty Limited remains the same as in the previous reporting period and their information is for the full 12 months.

(d) Equity - dividends

Dividends

The following fully franked dividends have been paid to date:

Dividends paid during 2016	Amount per share cents	Total paid ($)
Final 2015 dividend (paid 22nd March 2016)	6.7	10,042,130
Interim 2016 dividend (paid 21 September 2016)	4.0	6,005,871
		16,048,001
Dividends paid during 2015		
Interim 2015 dividend (paid 23 September 2015)	2.8	4,196,711

After the reporting date, a final dividend of 10 cents per qualifying ordinary share amounting to $16,413,805 has been proposed by the Board of Directors. The dividends have not been recognised as liabilities.

Dividend franking account

	2016 $'000	2015 $'000
Franking credits available to shareholders of the Company for subsequent financial years based on a tax rate of 30%	**19,010**	**15,317**

The ability to utilise franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has assumed the benefit of the $19,010,000 (2015: $15,317,000) franking credits. The impact on the franking account of dividends proposed or declared before the Annual Financial Report was authorised for issue but not recognised as a distribution to equity holders during the period is to reduce the balance by $7,034,000 (2015: $4,304,000).

(e) Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Capital consists of share capital, retained earnings, and non-controlling interest of the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a capital position.

Accounting policy: Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112 'Income Taxes'.

Note 19: Fair values

Accounting classifications and fair values

Fair values vs carrying amounts

Without exception, in line with 2015, the fair values of the following financial assets and liabilities are equal to their carrying amounts as shown in the consolidated statement of financial position:

Assets	Liabilities
Cash and cash equivalents	Bank loan
Trade and other receivables	Deferred consideration
	Interest rate swaps
	Finance lease liabilities
	Trade and other payables

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread, and were as follows:

	2016	2015
Interest rate swaps	2.4%	2.4%
Bank loan	3.0%-3.5%	3.5%-4.1%
Leases	3.8%-12.8%	3.8%-12.8%

Fair values hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy referred to at note 2(d). The different levels have been defined as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 December 2016			31 December 2015		
	Carrying value $'000	Level 1 $'000	Level 2 $'000	Carrying value $'000	Level 1 $'000	Level 2 $'000
Interest rate swaps	**26**	**-**	**26**	**186**	**-**	**186**
Put option liability on NCI	**760**	**-**	**760**	**-**	**-**	**-**

Valuation techniques

The fair value of Level 2 interest rate swaps is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of the cash flows.

Note 20. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by senior executives under policies approved by the Board of Directors. Senior executives identify, evaluate and hedge financial risks in close co-operation with the Group's operating units.

(a) Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management of credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to agency and direct clients, including outstanding receivables and committed transactions. For banks primarily lenders in the syndicated senior term debt facility are used.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of media and services are made to customers with an appropriate credit history based on enquires through the Group's credit department. Ongoing customer credit performance is monitored on a regular basis.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are provided under the Group's banking facilities.

Cash and cash equivalents

The Group held cash and cash equivalents of $8.2 million at 31 December 2016 (31 December 2015: $18.5 million). The cash and cash equivalents are held with credit worthy counterparties that are large banks and primarily members of the Group's syndicated debt facility.

Interest rate swaps are subject to credit risk in relation to the relevant counterparties, which are large banks and members of the Group's syndicated debt facility. The credit risk on swap contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the consolidated entity.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 $'000	2015 $'000
Financial assets		
Cash and cash equivalents	8,193	18,527
Trade and other receivables	77,745	58,896
Total financial assets	**85,938**	**78,616**

Receivables

The ageing of trade receivables at the end of the reporting date that were not impaired was as follows:

	2016 $'000	2015 $'000
Neither past due nor current	70,628	51,232
Past due 0-30 days	3,905	3,481
Past due 31-60 days	2,178	1,473
Past due 61-90 days	258	1,257
Past due 91 days	776	1,453
	77,745	**58,896**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 $'000	2015 $'000
Balance at 1 January	413	179
Doubtful debts on acquisition	64	-
Impairment loss recognised	351	276
Amounts written off	(140)	(42)
Balance at 31 December	**688**	**413**

Other than those receivables specifically considered in the above allowance for impairment we do not believe there is a material credit quality issue with the remaining trade receivables balance.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management of liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting date:

	2016 $'000	2015 $'000
Revolving facility including bank guarantees	**87,568**	**24,041**

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities, net and gross settled derivative financial instruments in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the reporting date.

Consolidated	**31 December 2016**			
	Carrying amount $'000	**Contractual cash flows $'000**	**12 months or less $'000**	**Between 1 and 5 years $'000**
Non-derivatives				
Bank debt	123,000	(137,960)	(4,771)	(133,189)
Lease liabilities	80	(86)	(5)	(81)
Trade payables	47,943	(47,943)	(47,943)	-
Deferred acquisition consideration	120	(120)	(120)	-
Total non-derivatives	**171,143**	**(186,109)**	**(52,839)**	**(133,270)**
Derivatives				
Interest rate swaps used for hedging	26	(26)	(26)	-
Put option liability on NCI	760	(760)	-	(760)

Consolidated	**31 December 2015**			
	Carrying amount $'000	**Contractual cash flows $'000**	**12 months or less $'000**	**Between 1 and 5 years $'000**
Non-derivatives				
Bank debt	105,000	(112,923)	(3,961)	(108,962)
Lease liabilities	129	(143)	(124)	(19)
Trade payables	38,618	(38,618)	(38,618)	-
Deferred acquisition consideration	1,952	(1,952)	(1,952)	-
Total non-derivatives	**145,699**	**(153,636)**	**(44,655)**	**(108,981)**
Derivatives				
Interest rate swaps used for hedging	186	(186)	-	(186)

The oOh! banking facilities loan agreement includes a change of control clause that triggers a review in the event of a change of control. The banking syndicate could hypothetically cancel the facility as a result of the review, however this is considered to be very unlikely given the continued strong support from the banks. As at 31 December 2016 balance date the change of control event had not occurred and therefore the bank debt is assessed as non-current in line with the existing maturity dates of the facility.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Management of currency risk

The Group operates in New Zealand and therefore, is exposed to foreign exchange transaction risks with respect to the New Zealand dollar. Foreign exchange transaction risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using cash flow forecasting. The Group has an accounting exposure to movements in the AUD/NZD exchange rate in consolidating the NZD net assets of oOh!media New Zealand Holdings Limited and its subsidiaries at each balance date. The current Australian Accounting Standards require that any such movements be booked to the Group's Foreign Currency Translation Reserve (FCTR).

Given the immaterial nature of oOh! media New Zealand's operations to the overall Group, no hedging of this exposure is undertaken.

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate policy is to fix estimated interest rate risk exposure at a minimum of 50% for a period of at least 12 months or as otherwise determined by the Board.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, monthly or quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	2016 $'000	2015 $'000
Fixed rate instruments		
Financial liabilities	(80)	(129)
Variable rate instruments		
Financial assets	8,193	18,527
Financial liabilities	(123,000)	(105,000)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	31 December 2016			
	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
Variable rate instruments	(1,230)	1,230	-	-
Interest rate swaps	-	-	(410)	410
Cash flow sensitivity (net)	**(1,230)**	**1,230**	**(410)**	**410**

	31 December 2015			
	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
Variable rate instruments	(1,050)	1,050	-	-
Interest rate swaps	-	-	(410)	410
Cash flow sensitivity (net)	**(1,050)**	**1,050**	**(410)**	**410**

Accounting policy: Financial instruments

The Group classifies its non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition.

The Group classifies its non-derivative financial liabilities in the following categories: financial liabilities at fair value through profit or loss, and other financial liabilities.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

ii. Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

iv. Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Hedge accounting has been adopted in compliance with AASB "139 Financial Instruments: Recognition and Measurement". The accounting policy for cash flow hedges is as follows:

- When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
- The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

v. Non-derivative financial liabilities - measurement

A financial liability is classified as at fair value through the profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Note 21. List of subsidiaries and equity-accounted investees

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3(a):

Name of entity	Country of incorporation	Consolidated entity 2016 %	Consolidated entity 2015 %
Outdoor Media Investments Limited	Cayman Islands	100%	100%
Outdoor Media Holdings Pty Limited	Australia	100%	100%
Outdoor Media Operations Pty Limited	Australia	100%	100%
Outdoor Media Exchangeable Finco Pty Limited	Australia	100%	100%
oOh!media Group Pty Limited	Australia	100%	100%
oOh!media Operations Pty Limited	Australia	100%	100%
oOh!media Produce Pty Limited	Australia	100%	100%
oOh!media Assets Pty Limited	Australia	100%	100%
oOh!media Factor Pty Limited	Australia	100%	100%
oOh!media Digital Pty Limited	Australia	100%	100%
oOh!media Place Based Pty Limited	Australia	100%	100%
oOh!media Retail Pty Limited	Australia	100%	100%
oOh!media Lifestyle Pty Limited	Australia	100%	100%
oOh!media Shop Pty Limited	Australia	100%	100%
oOh!media Roadside Pty Limited	Australia	100%	100%
oOh!media MEP Pty Limited	Australia	100%	100%
oOh!media Regional Pty Ltd	Australia	100%	100%
Red Outdoor Pty Ltd	Australia	100%	100%
Closebuys Pty Limited	Australia	82.75%	82.75%
oOh!media Café Screen Pty Limited	Australia	100%	100%
oOh!media Social Sports Pty Limited	Australia	70%	70%
Social Sports Media Pty Ltd	Australia	70%	70%
In 2 Indoor Pty Ltd	Australia	70%	70%
World Indoor Soccer Federation Pty Ltd	Australia	70%	70%
Eye Corp Pty Limited	Australia	100%	100%
Eye Corp Australia Pty Limited	Australia	100%	100%
oOh!media Fly Pty Limited	Australia	100%	100%
Eye Drive Sydney Pty Limited	Australia	100%	100%
Eye Outdoor Pty Limited	Australia	100%	100%
Eye Mall Media Pty Limited	Australia	100%	100%
Eye Drive Melbourne Pty Limited	Australia	100%	100%
oOh!media Study Pty Limited	Australia	100%	100%
Outdoor Plus Pty Limited	Australia	100%	100%
Eye Shop Pty Limited	Australia	100%	100%
Homemaker Media Pty Limited	Australia	100%	100%
Inlink Group Pty Ltd	Australia	100%	100%
Inlink Office Pty Ltd	Australia	100%	100%
Inlink Café Pty Ltd	Australia	100%	100%
Inlink Fitness Pty Ltd	Australia	100%	100%
Executive Channel International Pty Ltd	Australia	100%	-
Executive Channel Pty Ltd	Australia	100%	-
Junkee Media Pty Limited	Australia	85%	-
InTheMix dot com dot au Pty Ltd	Australia	85%	-
Thought By Them Pty Ltd	Australia	85%	-
Qjump Australia Pty Limited	Australia	85%	-
Faster Louder Pty Ltd	Australia	85%	-
Sound Alliance Nominees Pty Ltd	Australia	85%	-
InTheMix Inc Fein	Australia	85%	-
Cactus Imaging Pty Limited	Australia	100%	-
Cactus Holdings Pty Limited	Australia	100%	-
oOh!media New Zealand Holdings Limited	New Zealand	100%	100%
oOh!media New Zealand Limited	New Zealand	100%	100%
oOh!media Retail New Zealand Limited	New Zealand	100%	100%
oOh!media Study New Zealand Limited	New Zealand	100%	100%

(b) Equity-accounted investees

During 2014 oOh!media Factor Pty Limited (a wholly-owned subsidiary of oOh!media Limited) entered into a joint venture agreement with Driving Edge Marketing Pty Limited to establish a joint venture for the purposes of engaging in activities similar to that of the Group (provision of Out Of Home advertising solutions). This resulted in the incorporation of a new legal entity (oOh!Edge Pty Limited) of which both joint venture partners hold a 50% interest. The carrying value of the Group's investment in this joint venture at 31 December 2016 was $206,000, which represents the Group's share of profit for the period since inception of the joint arrangement (31 December 2015: $214,000). The Group made no initial monetary investment in the joint venture.

Note 22. Business combinations

The Group made three acquisitions during the year ended 31 December 2016.

On 1 July 2016, privately-owned on-line content and publishing company Junkee Media Pty Limited (Junkee Media) was acquired. The acquisition reflected oOh!media's end to end digital strategy to increase consumer engagement and drive advertiser return on investment by combining Out of Home advertising with an integrated mobile, online and social media offering. The acquisition, fully funded by debt using the Group's existing facilities, has seen the Group acquire 85% upfront of Junkee Media, with a right to acquire the remaining 15% of shares from the three remaining Junkee Media shareholders.

On 1 August 2016, the Group acquired the Out Of Home printing and production company Cactus Imaging Pty Ltd (Cactus). Cactus specialises in the digital printing of grand, large and small format advertising across the digital printing Out Of Home industry. The acquisition is anticipated to streamline production times and reduce costs for oOh!media in the traditional Out Of Home market, which still plays a substantial and integral role in the sector.

On 1 November 2016, the Group acquired Executive Channel International Pty Ltd (ECN). ECN is a leading digital Out Of Home media operator in CBD office and car park environments. The agreement creates a combined portfolio of over 3,500 displays reaching premium business audience of over 1.8 million per week.

Details of the purchase consideration, the net assets acquired and goodwill attributed to each of the acquisitions are summarised in the table below:

(i) Summary of business combinations for year ending 31 December 2016

Purchase consideration	Junkee Media 2016 $'000	Cactus 2016 $'000	ECN 2016 $'000
Cash paid during the year ended 31 December 2016	11,180	5,841	64,553
Working capital adjustment receivable	-	-	(182)
Shares issued as consideration	-	-	4,487
	11,180	**5,841**	**68,858**

The provisional fair values of the identifiable assets and liabilities acquired by the Company are as follows:

	$'000	$'000	$'000
Cash and bank balances	262	-	84
Trade and other receivables	1,066	8	2,970
Inventories	-	434	-
Property, plant and equipment	35	1,263	1,897
Deferred tax assets	-	351	-
Intangible assets[1]	2,038	2,310	21,473
Trade creditors and accruals	(1,334)	(34)	(1,840)
Provisions	(303)	(1,052)	(235)
Net identifiable assets acquired	**1,764**	**3,280**	**24,349**
Less: Minority interest acquired	(230)	-	-
Add: Goodwill[2]	9,646	2,561	44,509
Net identifiable assets acquired after goodwill	**11,180**	**5,841**	**68,858**

1. Intangible assets identified include customer relationships, licenses, brands and technology. The multi-period excess earnings model (MEEM) was used to value the intangible assets. The MEEM approach establishes a value of the Licences based on the additional profits achieved through the use of the asset as compared to the profits achieved without its use.
2. Goodwill includes the expected synergies and future growth opportunities.

Revenue booked to the statement of profit or loss for the year ended 31 December 2016, for the period since acquisition of ECN on 1 November 2016 is $2,010,000. ECN revenues for the 12 month period to December 2016 (including the period prior to acquisition) amounted to $11,636,000.

For each acquisition, the Group incurred acquisition-related costs on legal fees and due diligence costs. These costs have been included in 'Acquisition-related expenses' in the profit or loss statements.

The revenues and profits and loss of the Group for the year as if all business combinations had occurred at the beginning of the reporting period are as follows:

	$'000
Revenue	**353,816**
Profit before tax	**41,326**

The profit before tax of all business combinations since their respective acquisition dates amounts to $1,093,000.

Note 23. Acquisition of Non-Controlling Interest (NCI)

During the year the Company acquired 85% of Junkee Media Pty Limited. The carrying value of the NCI in relation to the balance remaining of 15% is shown below.

	2016 **$'000**
Carrying amount of NCI acquired	(230)
Cash consideration paid to NCI	-
A decrease in equity attributable to owners of the Group	**(230)**

In 2015 the Company paid cash consideration of $1,750,000 to acquire the remaining 30% of oOh!media Cafe Screen Pty Limited.

Accounting policy: Written put options on NCI

Written put options entered into with non-controlling shareholders in an acquiree as part of a business combination are accounted for in accordance with the present access method. The fair value of the option is recognised as a financial liability and in other equity as a component of the non-controlling interest.

Subsequent changes in the fair value of the financial liability are recognised directly in other equity.

Note 24. Leases

Operating Leases

Future minimum lease payments

	2016 **$'000**	**2015** **$'000**
Commitments in relation to non-cancellable operating leases contracted for at the reporting date are payable as follows:		
Within one year	66,182	64,555
Later than one year but not later than five years	183,362	164,864
Later than five years	60,712	67,675
	310,256	**297,094**

Amounts recognised in profit and loss

	2016 **$'000**	**2015** **$'000**
Lease expense	85,599	80,853
Contingent lease expense	36,540	25,579
Sublease income	-	(13)
	122,139	**106,419**

Accounting policy: Leases

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

i. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease. The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub- leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to the Group. Each lease payment is allocated between the surplus lease space provision and finance charge.

ii. Finance leases

Assets under finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal.

The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred. The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the Group will obtain ownership of the asset, for the life of the asset.

Note 25. Capital commitments

During 2016, the Group entered into contracts to purchase plant and equipment in 2017 for $1,673,000 (2016: $1,705,000).

Note 26. Contingencies

Details and estimates of maximum amounts of contingent liabilities are as follows:

	2016 $'000	2015 $'000
(i) Bank guarantees	9,432	10,959
(ii) Break fee on Scheme of Arrangement with APNO[1]	7,000	-
(iii) Success fees payable advisers[2]	7,508	-

Notes to contingencies

1. The Company has entered into a Scheme of Implementation which would result in being acquired by APN Outdoor Limited (the merger). The merger is subject to ACCC and shareholder approval. At the date of signing of this report neither ACCC or shareholder approval had yet been granted. Should the Company wilfully exit from the Scheme a break fee of up to $7m is payable. The break fee is not triggered in circumstances whereby ACCC or shareholder approval for the Scheme are not granted.
2. The Company has engaged advisers to assist with the Scheme of Implementation process who are contractually entitled to success fees on completion of the transaction. The success fee component is payable only if the Scheme is implemented and the merger proceeds. At the date of signing of this report the Scheme transaction has not been completed and therefore the success fees are not yet due and payable.
3. A number of the Group's lease agreements with property owners have change of control clauses. As at the balance date these have not been triggered and based on previous experience the probability of these being exercised is assessed as low.

Note 27. Related parties

(a) Parent entity and ultimate controlling party

As at 31 December 2016 the parent entity of the Group is oOh!media Limited, WPP owned 7.9% of oOh!media Limited, and the CHAMP Funds had reduced their shareholding to below 5.0% (from 24.2% at 31 December 2015).

(b) Subsidiaries

Interest in subsidiaries is set out in Note 21.

(c) Transactions with the shareholder-related parties

	Transaction value for the 12 months ended		Balance outstanding	
	2016 $	2015 $	2016 $	2015 $
Sale of media and services				
WPP				
Revenue[1]	45,859,681	41,469,240	-	-
Receivables[1]	-	-	10,233,436	6,708,048

Notes to Transactions with the shareholder-related parties

1. All sales with related parties are on an arm's length basis and are subject to commercial trading terms and conditions. Outstanding balances with these related parties are to be settled in cash within two months of the end of the reporting period. None of the balances are secured.

(d) Transactions with Key Management Personnel

(i) Key Management Personnel compensation

The Key Management Personnel compensation comprised:

	2016 $	2015 $
Short-term employee benefits	1,609,871	1,783,603
Post-employment benefits	92,627	86,552
Share-based payments	629,102	213,516
	2,331,600	**2,083,671**

In addition to the above, non-executive Director compensation included short-term employee benefits of $614,209 (2015: $406,394) and post-employment benefits of $53,790 (2015: $38,606).

(ii) Directors' related party transactions

Current directorships and shareholdings held by oOh!media Limited's Non-executive Directors have given rise to two potential related party conflicts. Geoffrey Wild holds the position of Chairman at WPP Australia, whilst the acquisition of Junkee Media triggered a further related party conflict in light of Tony Faure's shareholding in the entity. Prior to the acquisition of Junkee Media, Tony Faure held a shareholding interest of 19.65% in Junkee Media and as at 31 December 2016 holds a 5% interest in Junkee Media with a right to sell these to the company in future periods. Tony Faure received $45,000 in consulting fees from Junkee Media in the 6 month period to 31 December 2016 post the 1 July acquisition date. To mitigate any potential conflicts arising, there is a Board protocol in place whereby either of the aforementioned Directors are asked to exit a board meeting should any matters arise that may impact their independence.

Key Management Personnel also participate in the Group's share plans details of which are discussed in Note 8.

(e) Transactions with equity-accounted investees

oOh!Edge Pty Limited

	Transaction value for the 12 months ended		Balance outstanding	
	2016 $	2015 $	2016 $	2015 $
Receivables	-	-	2,353,004	1,612,245
Management fees	285,013	340,877	-	-

Note 28. Subsequent events

Since the end of the financial year, the Board has declared a fully franked final dividend of 10 cents per ordinary share amounting to $16,413,805 in respect of the year ended 31 December 2016 (31 December 2015: $10,042,130). This dividend is payable on 28 March 2017. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 31 December 2016 and will be recognised in the subsequent financial reports.

Apart from the matters referred to above, no other matter or circumstance at the date of this report has arisen since 31 December 2016 that has significantly affected or may affect:

(a) the operations of the Group;

(b) the results of those operations in future financial years;

(c) the Group's state of affairs in the future financial years.

Note 29. Earnings per share

The table below shows the calculation of basic and diluted earnings per share for 2016 and 2015.

	2016 $'000	2015 $'000
Profit attributable to ordinary shareholders	21,601	18,394
Net profit after income tax attributable to equity holders of the parent	**21,601**	**18,394**

Weighted average number of shares outstanding - basic	**Number of shares**	
Opening issued ordinary shares balance	149,882,534	149,882,534
Effect of allotment and issuances	3,085,596	-
Weighted average number of ordinary shares at 31 December	**152,968,130**	**149,882,534**
Weighted average number of shares outstanding - diluted		
Weighted average number of ordinary shares-basic	152,968,130	149,882,534
Effect of performance rights on issue	1,370,709	1,056,995
Weighted average number of ordinary shares at 31 December	**154,338,839**	**150,939,529**

Earnings per share	**2016 cents**	**2015 cents**
Basic profit earnings per share (cents)	14	12
Diluted profit earnings per share (cents)	14	12

Note 30. Reconciliation of cash flows from operating activities

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit after income tax for the year	21,508	18,355
Adjustments for:		
Depreciation	16,268	12,886
Amortisation	11,417	9,383
Straight-lining of site rents	2,552	1,211
IPO-related expenses	-	(372)
Transaction costs related to acquisitions	1,774	1,747
Net finance costs	114	155
Share of profit of equity-accounted investees, net of tax	(8)	(90)
Net loss on sale of non-current assets	436	581
Net exchange differences	22	(2)
Equity-settled share-based payment transactions	1,353	797
Other items	17	(331)
	55,453	**44,320**
Changes in:		
Trade receivables	(16,999)	(3,742)
Deferred tax balances	(158)	185
Other operating assets	(1,908)	(574)
Trade payables	6,500	7,544
Other provisions	4,537	(3,061)
Provision for income taxes payable	5,891	10,686
Other operating liabilities	742	-
Cash generated from operating activities	**54,058**	**55,358**

Accounting policy: Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other highly liquid Investments with original maturities of three months or less that are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

Note 31. Auditor's remuneration

	2016 $	2015 $
Audit and assurance services		
KPMG Australia		
Audit and review of financial statements	364,000	371,350
Other regulatory audit services	24,831	-
Total audit and assurance services	**388,831**	**371,350**
Other services		
KPMG Australia		
Taxation compliance and advisory services	157,499	84,530
Acquisition-related services	376,500	220,965
Merger related services	175,000	-
Other services	10,250	119,100
Total other services	**719,249**	**424,595**
Total auditor's remuneration	**1,108,080**	**795,945**

Note 32. Parent entity disclosures

As at and throughout the financial year ended 31 December 2016 the parent entity of the Group was oOh!media Limited (2015: oOh!media Limited).

(a) Financial position

	2016 $'000	2015 $'000
Financial position of parent entity at year end		
Current assets	123,503	99,465
Non-current assets	383,494	317,411
Total assets	**506,997**	**416,876**
Current liabilities	15,056	9,329
Non-current liabilities	122,351	104,909
Total liabilities	**137,407**	**114,238**
Net assets	**369,590**	**302,638**
Total equity of parent entity comprising of:		
Contributed equity	349,510	283,585
Reserves	20,080	19,053
Retained earnings	-	-
Total equity	**369,590**	**302,638**

(b) Comprehensive income

	2016 $'000	2015 $'000
Result of parent entity		
Profit for the year:		
Dividends received from subsidiary	16,048	4,197
Other comprehensive loss	160	(93)
Total comprehensive income for the year	**16,208**	**4,104**

(c) Parent entity capital commitments for acquisition of property, plant and equipment

The parent entity did not have any capital commitments for the acquisition of property, plant or equipment as at 31 December 2016 (2015: Nil).

(d) Guarantees and contingent liabilities

Please refer to Note 26 for information on the guarantees and contingent liabilities of the parent entity.

Directors' Declaration

In accordance with a resolution of the Directors of oOh!media Limited (the Company), we state that:

1. In the Directors' opinion:

   a. the consolidated financial statements and notes of the Group that are set out on pages 56 to 97 and the Remuneration report on pages 38 to 53 in the Directors' Report, are in accordance with the *Corporations Act 2001* (Cth), including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and

      ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth); and

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2016.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

On behalf of the Board

Michael Anderson
Chairman

20 February 2017
Sydney


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VIRGIN MOBILE
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A CHANCE TO WIN 100,000
VELOCITY FREQUENT FLYER POINTS
TO START
now
that's
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Terms & Conditions

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of oOh!media Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of the oOh!media Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Consolidated statement of financial position as at 31 December 2016
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Acquisition of Executive Channel Network (ECN)
- Recoverable amount of goodwill and intangible assets

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Acquisition of Executive Channel Network ($69 million)	
Refer to Note 22 to the financial report	
The key audit matter	**How the matter was addressed in our audit**

Identification and measurement of assets acquired and liabilities assumed as part of the Executive Channel Network acquisition is a Key Audit Matter due to:
• the size of the acquisition ($69m); and
• the level of judgement required by us in evaluating the purchase price allocation (PPA) against accounting standards.
Management engaged an independent expert to advise on the identification and measurement of intangible assets which form the PPA. The significant judgements we focused on included the valuation assumptions underlying the forecast revenues, operating costs and discount rates.
In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who collectively understand the Group's business, out of home (OOH) advertising market and the economic environment it operates in.
	Our procedures included, amongst others:
	• Working with our valuation specialists we challenged the valuation assumptions used in the PPA to value the identifiable intangible assets. This included:
	  ◦ comparing the inputs used by the independent expert to underlying documentation sourced from management;
	  ◦ assessing the discount rate applied by management using our knowledge of the Group, its industry and comparable entities;
	  ◦ evaluating forecast revenues and operating costs based on our knowledge of the Group, and published market and industry trends;
	  ◦ assessing the competence, experience and skills of the independent expert.
	We assessed the adequacy of the Group's disclosures in respect of the acquisition in accordance with accounting standards.

Recoverable amount of goodwill and intangible assets ($329million)	
Refer to Note 13 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
Recoverable amount of goodwill and intangible assets is a Key Audit Matter due to: • the size of the balance (being 61% of total assets); and • the level of judgement required by us in evaluating management's assessment of recoverability as contained in their value in use model. These judgements included:	Our procedures included, amongst others • We assessed management's determination of the Group's CGUs based on our understanding of the nature of the Group's business. We analysed the impact of the acquisitions in the year and the Group's internal reporting to assess how results are monitored and reported and the implications to CGU identification in accordance with accounting standards; • We assessed the accuracy of previous Group

Independent Auditor's Report cont.

KPMG

• the determination of cash generating units (CGU) following the completion of acquisitions in the period as set out in note 22; and • forecast cash flows, discount rates applied, and the assumptions underlying the forecast growth and terminal growth rates. In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who collectively understand the Group's business, the Out of Home (OOH) advertising market and the economic environment it operates in.	forecasts to inform our evaluation of forecasts incorporated in the value in use model; • Working with our valuation specialists we used our knowledge of the Group, and the OOH advertising market, to assess the key assumptions used in the Group's value in use model, such as forecast cash flows. We compared management's forecast growth and terminal growth rates and discount rates to published market and industry trends; • We assessed the recoverable amount of the Group's total goodwill and intangible assets against the market capitalisation of the Group at 31 December 2016, to inform the focus of our testing on the judgements used by management in the value in use model.

Other Information

Other Information is financial and non-financial information in oOh!media Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of oOh!media Limited for the year ended 31 December 2016, complies with *Section 300A* of the *Corporations Act 2001*.

Director's responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 38 to 53 of the Director's Report for the year ended 31 December 2016.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

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John Wigglesworth
Partner

Sydney
20 February 2017

Shareholder Information

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. There are no other classes of equity securities.

Share rights

Share rights holders do not have any voting rights on the share rights held by them.

The shareholder information set out below is applicable as at 3 February 2017.

Distribution of equity securities

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

Range	Number of holders	% of holders	Number of shares	% of shares
1 - 1,000	855	36.55	375,820	0.23
1,001 - 5,000	939	40.15	2,399,520	1.46
5,001 - 10,000	290	12.40	2,145,378	1.31
10,001 - 100,000	219	9.36	5,392,826	3.29
100,001 and over	36	1.54	153,824,505	93.72
Total number of security holders	**2,339**	**100.00**	**164,138,049**	**100.00**
Holders holding less than a marketable parcel of shares	117	5.01	2,864	-

Restricted securities

There are currently 570,719 restricted securities on issue. These shares become unrestricted once the full year 2016 results of the Company for the period ended 31 December 2016 have been released to the ASX.

Unquoted equity securities

Range	Number of rights holders	Number of rights	% of rights
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	20	880,790	64
100,001 and over	2	489,919	36
Total	**22**	**1,370,709**	**100**

Total of quoted and restricted securities

	Number of shares
Ordinary shares not subject to voluntary escrow (quoted securities)	163,567,330
Ordinary shares subject to voluntary escrow (restricted securities)	570,719
Total number of shares	**164,138,049**

On-market buy back

There is no current on-market buy back.

Twenty largest quoted equity security holders

Name	Number of ordinary shares held	Percentage of ordinary shares %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,829,358	29.24
J P MORGAN NOMINEES AUSTRALIA LIMITED	36,786,259	22.49
NATIONAL NOMINEES LIMITED	17,079,534	10.44
CAVENDISH SQUARE HOLDING BV	12,939,385	7.91
CITICORP NOMINEES PTY LIMITED	11,529,473	7.05
UBS NOMINEES PTY LTD	4,972,470	3.04
BNP PARIBAS NOMINEES PTY LTD	3,420,474	2.09
CHAMP BUYOUT III PTE LIMITED	2,307,004	1.41
BNP PARIBAS NOMS PTY LTD	2,060,067	1.26
P.T. LIMITED	2,009,212	1.23
PERPETUAL TRUSTEE COMPANY LIMITED	1,675,770	1.02
UBS NOMINEES PTY LTD	1,517,186	0.93
ARGO INVESTMENTS LIMITED	1,005,493	0.61
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	938,472	0.57
BOND STREET CUSTODIANS LTD	904,011	0.55
SANDHURST TRUSTEES LTD	899,583	0.55
PERPETUAL CORPORATE TRUST LIMITED	684,586	0.42
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	624,888	0.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	506,200	0.31
DEBRA COOK	500,000	0.31
Total held by top 20 largest holders	**150,189,425**	**91.82**
Other (includes restricted securities)	**13,948,624**	**8.18**
Total	**164,138,049**	**100.00**

Substantial holders

Name	Number of ordinary shares held	Percentage of ordinary shares %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,829,358	29.24
J P MORGAN NOMINEES AUSTRALIA LIMITED	36,786,259	22.49
NATIONAL NOMINEES LIMITED	17,079,534	10.44
CAVENDISH SQUARE HOLDING BV	12,939,385	7.91
CITICORP NOMINEES PTY LIMITED	11,529,473	7.05

Glossary

Term	Meaning/definition
AASB	Australian Accounting Standards Board
AGM	Annual General Meeting
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691 AUD, A$, $ or Australian dollar
Auditor	KPMG
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Board or Board of Directors	The Board of Directors of oOh!media
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CF&OO	Chief Financial and Operating Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CHAMP Funds	CHAMP Buyout III Pte Limited and certain funds managed by CHAMP III Management Pty Limited, being P.T. Limited as trustee of the CHAMP Buyout III (WW) Trust, Perpetual Trustee Company Limited as trustee of the CHAMP Buyout III Trust; and Perpetual Corporate Trust Limited as trustee of the CHAMP Buyout III (SWF) Trust
Company	oOh!media Limited ACN 602 195 380
Company Secretary	The Company Secretary of oOh!media as appointed from time-to-time
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CRAFT	Connected Reach and Frequency Targeting
Current Ratio	Current total assets over current total liabilities
CY2004	Calendar and Financial year ended 31 December 2004
CY2014	Calendar and Financial year ended 31 December 2014
CY2015	Calendar and Financial year ended 31 December 2015
CY2016	Calendar and Financial year ended 31 December 2016
CY2017	Calendar and Financial year ended 31 December 2017
CY2018	Calendar and Financial year ended 31 December 2018
Digital revenue	Revenue from digital advertising display panels
Director	Each of the Directors of oOh!media as appointed to the position from time-to-time
EBIT	Earnings before interest and taxation
EBITA	Earnings before interest, taxation and amortisation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per Share
Escrow	An escrow is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the shares concerned for the period of the escrow, subject to exceptions set out in the escrow arrangement
Executive Channel Network OR ECN	Executive Channel International Pty Ltd ACN 111 937 234
FAR	Fixed annual remuneration
FCTR	Foreign Currency Transaction Reserve
FMCG	Fast moving consumer goods
Forecast	Forecast per the Prospectus document issued by the Company
Group	oOh!media Limited and its subsidiaries
GST	Goods and services or similar tax imposed in Australia and New Zealand
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Inlink	Inlink Group Pty Ltd ACN 089 615 814
IPO	Initial Public Offering
Junkee Media	Junkee Media Pty Ltd ACN 091 839 468
KMP	Key management personnel

Term	Meaning/definition
KPI	Key performance indicator
KPMG	KPMG ABN 51 194 660 183
Legacy Management Equity Plan (MEP)	The Outdoor Media Investments Limited management equity plan as described in the Management Equity Plan Rules adopted 28 September 2012
Listing	The admission of oOh!media to the Official List of the ASX
Listing Rules	The Official Listing Rules of the ASX
LTI	Long-term incentive as payable under the LTI Plan
LTI Plan	oOh!media's long-term incentive plan, as amended by oOh!media from time-to-time
Management	The management of oOh!media
MD	Managing Director
MOVE	Measurement of Outdoor Visibility and Exposure, Australia's first national Out of Home audience measurement system
n/a	Not applicable
NCI	Non-controlling Interest
NED	Non-executive Director
NPAT	Net profit after tax
NPATA	Net profit after tax before acquired amortisation (after tax) and non-cash items such as impairments
NZD	New Zealand dollars
OCI	Other Comprehensive Income
OFR	Operating and Financial Review
OMA	Outdoor Media Association, the peak national industry body that represents most of Australia's traditional and digital outdoor media display companies and production facilities, as well as some media display asset owners
Officer	An Officer of the Company
OMI	Outdoor Media Investments Limited ACN 156 446 187
OML	oOh!media Limited ACN 602 195 380
oOh!media	oOh!media Limited ACN 602 195 380
Out Of Home	Out Of Home, also commonly referred to as Out of Home or outdoor advertising, represents the media sector of the advertising industry that communicates with people when they are out of their home
Panels	Refers to classic, non-digital assets
Performance rights	The performance right is offered as an incentive for management to align to long term shareholder value and as part of our retention strategy
Prospectus Forecast	Forecast per the Prospectus document issued by the Company 5 December 2014
Registry	Link Market Services Limited ABN 54 083 214 537
Rights	Rights to shares granted pursuant to the LTI Plan
RMS	Roads and Maritime Services NSW
Senior executive	The senior executive management of oOh!media
Screens	Digital / dynamic assets
Share of security	A fully paid ordinary share in oOh!media
Share registry	Link Market Services Limited ABN 54 083 214 537
Shareholder	The registered holder of a share
Signs	The collective term for classic panels and screens
Special incentive	A one-off award of performance rights to management
STI	oOh!media's short-term incentive plan, as amended by oOh!media from time-to-time
STI Plan	Short-term incentive payable under the STI Plan
UIG Interpretation	Urgent Issues Group
Underlying	Financial measure which reflects adjustments for certain non-operating items including impairment, acquisition-related expenses, IPO and merger costs
VWAP	Volume weighted average price
WPP	Cavendish Square Holding BV


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H&M
G
Target
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