STATUTORY FINANCIAL STATEMENTS

30 JUNE 2018

QMS Media Limited | ABN 71 603 037 341

Contents

Operating and Financial Review

The Directors are pleased to present the Operating and Financial Review for QMS Media Limited and its controlled entities (collectively referred to as the 'Group') for the year ended 30 June 2018.

The financial information presented in this annual report has been prepared on a statutory basis in accordance with the measurement and recognition requirements of Australian Accounting Standards.

Certain non-IFRS measures, in particular underlying EBITDA, are used by Directors and management as measures of assessing the financial performance of the Group. The Directors consider these measures to be a better indicator of the underlying performance of the business and provide more meaningful comparisons of the operating performance of the business. Underlying EBITDA is the primary measure of the operating performance of the business and is a common performance measure used in the industry in which QMS Media Limited operates.

The table below details key financial information for the year ended 30 June 2018, in comparison to 30 June 2017, and forms the basis for the discussion in this Operating and Financial Review.

	2018 $'000	2017 $'000
Revenue and other income	204,194	168,636
Cost of sales	(107,157)	(87,550)
Gross profit	**97,037**	**81,086**
Gross profit margin	*47.5%*	*48.1%*
Operating expenses	(50,445)	(44,879)
EBITDA	**46,592**	**36,207**
EBITDA margin	*22.8%*	*21.5%*
Non-underlying revenue	(1,635)	-
Non-underlying expenses	830	1,297
EBITDA - underlying	**45,787**	**37,504**
EBITDA margin - underlying	*22.4%*	*22.2%*

Revenue

The Group delivered strong operational and financial performance across all key metrics. Total statutory revenue and other income for the year ended 30 June 2018 was $204.2 million, representing growth of 21% in comparison to the year ended 30 June 2017. Growth was driven by a combination of expanded media inventory, uplift from the conversion of static sites to digital platforms which yield higher revenue and a full twelve months of earnings from the acquisition of QMS Sport Pty Ltd (formerly 'Out & About Marketing and Media Pty Ltd') which occurred in December 2016 (for the year ended 30 June 2017 only seven months of earnings were consolidated into the results of the Group).

The Group continued its strong momentum in digital roll-out and expanded its already extensive digital portfolio with an additional 37 premium landmark digital billboards. This increased the Group's digital platform to 112 landmark digital billboards at 30 June 2018 (30 June 2017: 75). The continued focus on expanding the number of premium quality landmark digital billboards in strategic markets has driven further growth for the business, with digital revenue now contributing 79% of Australian media revenue and 70% of total media revenue (30 June 2017: 72% and 57%).

The Group launched three new landmark digital billboards on the Gold Coast which delivered exceptional results during the Commonwealth Games. The Group's digital network and extensive street furniture portfolio offered brands the opportunity to reach a mass audience in a unique and impactful way during this major event.

A decline in business confidence has driven softer market conditions in New Zealand, in comparison to previous years of higher growth. However, QMS NZ has achieved significant digital market share growth as it extended its market leadership with its growing landmark digital portfolio.

The Group continued to expand its sporting rights portfolio with a strategic alliance with Techfront Australia allowing for additional on-field LED media rights that complement the existing QMS Sports portfolio making it the largest aggregated on-field sports media rights business in Australia and New Zealand.

During the year, the Group provided financial and other support to an international sports business that provides digital screens, software and technology to sporting codes and clubs. The funding was provided to facilitate expansion into complementary assets which is expected to provide the Group with further growth opportunities within the Sport business.

In August 2017, the Group was awarded the Canberra Airport Concession for the exclusive sales and marketing rights to all internal and external advertising assets. This represented two significant milestones for the Group; the geographical expansion into the Australian Capital Territory and a move into the Australian airport media category.

Gross Margin

Gross margin of 47.5% was broadly consistent with the prior year of 48.1% and reflective of a change in portfolio mix, with the higher margins generated from the growth in the digital platform offset by the QMS Sport business which has typically higher contract rights costs relative to other digital platforms.

Expenses

Operating expenses were $50.4 million, compared with the prior year of $44.9 million. The increase reflects a full twelve months of operating expenses from the QMS Sport business and ongoing investment in systems and resources required to support the growth in the Group's business. The growth in operating expenses was at a slower rate relative to revenue growth.

Non-underlying revenue relates to the release of contingent consideration associated with the QMS Sport and Digital Commons acquisitions. Non-underlying expenses relate to acquisition, restructuring and integration costs incurred during the year.

The increase in the depreciation and amortisation expenses was driven from the digital development program and the acquisition and development of new sites.

Reconciliation of operating profit to EBITDA

A reconciliation between operating profit as shown in the statement of profit or loss and other comprehensive income and underlying EBITDA is shown below:

	$'000 2018	$'000 2017
Operating profit, including share of loss from associates	**28,708**	**23,548**
Depreciation expense	8,292	6,761
Amortisation expense	9,592	5,898
EBITDA	**46,592**	**36,207**
Release of deferred and contingent consideration	(1,635)	-
Costs associated with acquisitions	459	411
Restructuring and integration costs	371	886
EBITDA - underlying	**45,787**	**37,504**

FY18 underlying EBITDA increased by $8.3 million to $45.8 million. This strong result was attributable to the continued growth in the Australian and New Zealand businesses driven from digital development and the full year impact of acquisitions undertaken in the prior year.

Outdoor advertising market

The strength of the outdoor advertising market is fundamentally important to the Group's financial performance.

The Outdoor Media Association reported an eighth year of consecutive growth in the Out-of-Home advertising industry, with a 6% increase in net revenue year on year, taking the industry's net revenue in CY17 to an all-time high of $837.1 million, up from $789.5 million in CY16[1]. The digital Out-of-Home share of net revenue also continued to grow in CY17 and experienced a fourth year of double digit growth. Out-of-Home audiences continue to expand at a time when other traditional media channel audiences are in decline, with technology enhancing the medium in ways that give it an edge over other media channels.

The Group is confident that the shift to increased advertising expenditure on outdoor advertising assets is structural rather than cyclical and the performance of the outdoor advertising market is expected to remain strong, reflecting the following:

- The ability of outdoor advertising to engage with consumers in a receptive form;
- Demand for digital assets that give advertisers the ability to communicate with consumers immediately and to adapt the message being communicated to account for the time of day, weather, demographic of viewer, events and other external factors; and
- The continued fragmentation of mainstream media.

Acquisitions

During the year, the Group continued to expand its market presence within the Out-of-Home advertising industry. As part of this expansion, the following investments were made:

- On 6 July 2017, the Group completed a re-organisation of the New Zealand entity structure whereby it acquired the remaining 25% of share capital in QMS NZ Holdings Limited from the previous non-controlling shareholder, in consideration for selling a 25% ownership in Transport Media Services Ltd. This additional interest acquired in QMS NZ Holdings Limited resulted in an additional ownership interest in Omnigraphics Limited and Titan Media Group NZ Pty Ltd.
- On 19 July 2017, the Group acquired the remaining 19% of share capital in Australian Billboard Company Pty Ltd ('ABsee'). The Group now holds a 100% ownership in ABsee.
- On 21 July 2017, the Group acquired the remaining 49% of share capital in Elwood Outdoor Advertising Pty Ltd ('Elwood'), which was incorporated to facilitate a site acquisition. The Group now holds a 100% ownership in Elwood.
- On 17 November 2017, the Group acquired 51% of the share capital in Rpple Media Pty Ltd ('Rpple'). Rpple enables brands and social media ambassadors to collaborate, build authentic brand partnerships and achieve campaign results through its dynamic ambassador marketing platform.
- On 30 November 2017, the Group acquired a 60% shareholding in both Digital Commons Limited ('Digital Commons') and Digital Commons Australia Pty Ltd ('Digital Commons Australia'), a leading third-party digital representation agency. These acquisitions broaden the Group's digital media channel and continue its strategic focus on connecting audiences through multiple touchpoints and customised content. Digital Commons and Digital Commons Australia operate in both Australia and

[1] Source: OMA

New Zealand and act as the Group's primary sales channel partner for automated products, having been instrumental in the development of the Group's digital transaction platform.

- On 27 March 2018, the Group acquired the remaining 50% shareholding in Live Docklands Pty Ltd ('Live Docklands'), which holds the rights to several digital advertising assets within Melbourne's Etihad Stadium. The Group now holds a 100% ownership in Live Docklands.
- On 19 April 2018, the Group acquired an additional 13% of the share capital in World Sports and Entertainment Holdings Pty Ltd and its controlled entities (collectively 'Sportsmate'), which increased its total ownership to 33% at 30 June 2018. Sportsmate is a leading Australian developer of sporting applications that connect fans with their favourite sports and clubs across a broad range of sporting codes. Subsequent to year end, on 16 August 2018, the remaining 67% ownership was acquired.
- On 25 May 2018, the Group acquired 40% of the share capital in Stadium Graphics Limited, which provides sporting ground virtual signage opportunities across the Super Rugby season in New Zealand.

Funding

The Group's operations during the year were funded from cash generated from operating activities, the issue of a senior unsecured note and the utilisation of the Group's loan facility.

On 14 November 2017, the Group executed a senior unsecured note to eligible professional and sophisticated investors. A total of $70.0 million, in 5-year senior unsecured notes were issued at a fixed coupon of 7.00% per annum. There was strong investor demand for the transaction, demonstrating confidence in the Group's performance and growth strategy, which led to the transaction being upsized from $50.0 million to $70.0 million. The transaction diversified the Group's debt funding sources, provided additional tenor to the Group's debt maturity profile and provided further flexibility to fund future growth.

The banking facilities available to the Group are $93.4 million, which includes a $6.0 million bank guarantee facility. The facility is available for drawings in Australian and New Zealand dollars, is for general corporate purposes, and has a maturity date of three years (9 September 2019). The facility agreement contains the usual security and financial covenants typical for facilities of this nature.

As at 30 June 2018, the Group had $22.7 million in cash and cash equivalents. Based on current operational forecasts and expected market conditions, the Group expects to have sufficient funds to support its current activities.

Risks

The Group operates in a competitive marketplace and consequently faces a number of risks. The risks identified below are considered the more significant risks and are not an exhaustive list of all risks faced by the Group.

- The financial performance of the Group is heavily dependent on the strength of Out-of-Home advertising expenditure. The outdoor advertising industry has grown strongly during FY18 in all key markets in which the Group operates. A downturn in the general level of advertising expenditure or a shift in the allocation of advertising expenditure to other formats (e.g. television, print, radio, online) could negatively impact the Group's financial performance.
- The digital outdoor advertising sector is highly competitive and demand for digital advertising sites may raise market rents with a resulting adverse effect on the Group's gross margins.
- The Group is heavily reliant on its relationships with media agencies to sell the Out-of-Home advertising space that it owns and/or manages. Accordingly, the loss of these relationships or a significant change in the media landscape could adversely impact the Group's ability to generate revenues.
- The Group is continuing to expand its inventory of premium landmark billboards. Failure to execute the roll out of billboards in accordance with planned timetables will negatively impact expected future revenue.

- The Group views digital conversion as a key driver of revenue growth and margin. As both the Group and its competitors continue to further expand their digital network, there is a risk of saturation of the digital screen market which may consequently lead to yield compression.
- In June 2018, oOh!media Limited announced the acquisition of Here, There & Everywhere's (HT&E) outdoor street furniture businesses, subject to Australian Competition and Consumer Commission ('ACCC') approval. In addition, JCDecaux Group announced an acquisition of APN Outdoor Group Limited, also subject to both shareholder and ACCC approval. The impact of these transactions, which were subsequently approved by the ACCC in August 2018, is unknown but may have a negative impact on the Group's margin and market share.

The Board of Directors, together with the executive management team, is primarily responsible for managing risk. The Group constantly monitors risks to operations and financial performance and, where commercially viable, utilises risk mitigation tools and strategies.

Index to the Directors' report

Directors' report

For the year ended 30 June 2018

The Directors of QMS Media Limited (the 'Company') present their report together with the financial report of the Company and its controlled entities (collectively referred to as the 'Group') for the year ended 30 June 2018. The information set out below is to be read in conjunction with the Operating and Financial Review which forms part of this Directors' report.

1. Directors

The Directors of the Company during the financial year and up to the date of this report are:

- Wayne Stevenson – Independent Non-Executive Chairman
- Robert Alexander – Independent Non-Executive Director
- Anne Parsons – Independent Non-Executive Director
- Barclay Nettlefold – Chief Executive Officer
- David Edmonds – Director Corporate and Legal

2. Principal activities

The principal activities of the Group during the course of the year were the provision of Out-of-Home advertising and media services over a portfolio of owned and represented digital and static billboards, street furniture, sport, and transit media throughout Australia and overseas.

3. Results of operations

A description of the Group's operations, business model, material business risks, sources of funding, review of financial performance and position, and future prospects are detailed in the Operating and Financial Review on pages 2 to 6.

Shareholder Returns	2018	2017
Profit attributable to owners of the Company	$18,079,000	$16,145,000
Basic earnings per share (cents)	5.6	5.2
Diluted earnings per share (cents)	5.6	5.2
Dividend declared (interim paid and final declared)	$7,160,197	$6,419,375
Dividend per share (cents)	2.2	2.0

4. Dividends

On 25 August 2017, the Board recommended a payment of a final, fully franked dividend of 1.2 cents per share ($3,851,625) in respect of the FY17 results. This dividend was paid on 6 October 2017.

On 15 February 2018, the Board recommended a payment of an interim, fully franked dividend of 1.0 cents per share ($3,250,701). This dividend was paid on 20 April 2018.

On 31 August 2018, the Board recommended the payment of a final, fully franked dividend of 1.2 cents per share ($3,909,496). Proposed dividends on ordinary shares are not recognised as a liability as at 30 June 2018.

5. Significant changes in the state of affairs

During the year ended 30 June 2018, QMS Media Limited acquired interests in the following:

Entity	Interest acquired	Date interest acquired
QMS NZ Holdings Limited	25%	6 July 2017
Australian Billboard Company Pty Ltd	19%	19 July 2017
Elwood Outdoor Advertising Pty Ltd	49%	21 July 2017
Rpple Media Pty Ltd	51%	17 November 2017
Digital Commons Limited	60%	30 November 2017
Digital Commons Australia Pty Ltd	60%	30 November 2017
Live Docklands Pty Ltd	50%	27 March 2018
World Sports and Entertainment Holdings Pty Ltd and its wholly owned subsidiaries[1]	13%	19 April 2018
Stadium Graphics Limited	40%	25 May 2018

There were no other significant changes in the state of affairs of the Group during the financial year, other than those noted in the Operating and Financial Review.

6. Matters subsequent to the end of the financial year

On 2 July 2018, the Group paid a total of $500,000 to acquire a 51% ownership interest in Gomeeki Operations Pty Ltd. This acquisition was made with a view to its subsequent disposal and therefore was immediately classified as held for sale at the date of acquisition.

On 8 August 2018, the Group announced a strategic investment in Place Capital, a newly established venture capital fund ('Fund') that will invest in Australian technology companies in the global Sports, Media and Entertainment industries. As part of this arrangement, the Group is planning to sell to the Fund its interests in its digital technology investments in World Sports and Entertainment Holdings Pty Ltd ('Sportsmate'), Gomeeki Operations Pty Ltd and Rpple Media Pty Ltd for a mix of cash and equity. Completion of the sale of these interests into the Fund is conditional on the Fund completing its planned capital raise.

On 16 August 2018, the Group paid $3.0m to acquire the remaining 67% share capital in World Sports and Entertainment Holdings Pty Ltd ('Sportsmate'). As a result, the Group now owns 100% of shares in Sportsmate and has no outstanding deferred consideration.

On 30 August 2018, the Group announced that it has reached an agreement in principle to acquire the majority interest in TGI Systems Corporation (TGI) and TGI Europe GmbH (TGIE), as it continues to expand its existing sports technology and media rights business.

The key commercial arrangements include a total investment by the Group of approximately $40 million to acquire a 90% stake in TGI and TGIE, both internationally recognised sports media companies providing digital technology solutions across the USA, Europe and South America. Another strategic shareholder will hold 5% of the entities, while existing key management will also retain 5%.

The transaction is subject to approval from the Group's lender and of customary closing conditions and mechanics, including the finalisation of interrelated transactions. In Germany, such transactions also require notarisation in order to be effective. It is expected that the transaction will formally complete in the last quarter of this calendar year. On completion, the loan receivable detailed in note 8 will convert to equity, with the residual payment to be made in cash.

[1] Sportsmate Technologies Pty Ltd and World Sports and Entertainment Technologies Pty Ltd

6. Matters subsequent to the end of the financial year (continued)

TGI/TGIE are leaders in the delivery of sports technology including high end LED signage, software management platforms and a range of unique fan engagement tools to help clubs, agencies and rights holders optimise their brand exposure and enrich the consumer experience at major events.

These acquisitions complement the existing QMS Sport portfolio across Australia and New Zealand, providing additional scale and growth opportunities. This will further strengthen QMS' position in key strategic international sports markets as it continues to expand its geographic footprint, and simultaneously diversify revenue channels.

On 31 August 2018, the Board recommended the payment of a final, fully franked dividend of 1.2 cents per share ($3,909,496). Proposed dividends on ordinary shares are not recognised as a liability as at 30 June 2018.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

7. Likely developments

There are no other circumstances or matters that the Directors' are aware of, that will significantly affect the operations and future results of the Group other than the developments that have been outlined in this report and the Operating and Financial Review.

8. Environmental regulation

The Group is subject to environmental laws and regulations, which vary depending on the jurisdiction of the location of operations. The Group has policies and procedures in place to ensure compliance with all environmental laws and regulations. The Directors are not aware of any material breaches of environmental regulations during the financial year.

9. Information on Directors

	Experience, special responsibilities and other directorships
Wayne Stevenson Chartered Accountant Fellow of the Australian Institute of Company Directors Bachelor of Commerce (Accounting) Independent Non-Executive Chairman Chairman of the Remuneration, Nomination and Corporate Governance Committee Appointed 10 April 2015	Experienced financial services executive with extensive finance, strategy and operational expertise across Australasian and International markets. Wayne has been involved in the finance industry for over 30 years, and has gained a wide range of experience, particularly with the ANZ Banking Group. Current independent Non-Executive directorships: • OnePath Life Insurance Ltd • OnePath General Insurance Ltd • ANZ Lenders Mortgage Insurance Ltd • Credit Union Australia Limited • BigTinCan Holdings Pty Ltd
Robert Alexander Chartered Accountant Bachelor of Commerce Independent Non-Executive Director Chairman of the Audit and Risk Management Committee Appointed 10 April 2015	Robert is an experienced finance and operations executive who has over 30 years' experience working within the corporate sector. Robert has worked in global organisations in industries such as media, entertainment, professional services and the print industry, with considerable experience in mergers and acquisitions. • Global CFO of Eye Corp Pty Ltd • Global CFO of OPUS Group Limited • Executive finance and operations experience with organisations including Universal Music and Hoyts Entertainment Ltd Current positions held: • Advisory Board member Tablo.io • Board member Cambodian Children's Fund (HK) Limited • Global COO Cambodian Children's Fund
Anne Parsons Bachelor of Journalism and Business Psychology Independent Non-Executive Director Appointed 10 April 2015	Anne is a highly regarded advertising and media executive with over 30 years' experience gained in a wide variety of roles across the globe. She has worked in many media channels and has extensive experience in multi-channel solutions. • Chairman of MediaCom Australia, and CEO for 6 years • MD of Zenith Media Melbourne for 10 years Current position held: • Managing Partner of Cherry London
Barclay Nettlefold Bachelor of Commerce (Accounting and Marketing) Chief Executive Officer Appointed 25 November 2014	Barclay is an experienced advertising and media executive with over 30 years' experience in the Asia Pacific region and has managed and developed various outdoor advertising businesses in this region. • Co-Founder of Nettlefold Advertising sold to Hoyts Group • Co-Founder of Eye Corp • Founder of News Outdoor South East Asia, in partnership with News Corp • Formed QMS APAC as a Joint Venture with Qatar Media

9. Information on Directors (continued)

	Experience, special responsibilities and other directorships
David Edmonds Bachelor of Law and Commerce (Hons) Director Corporate and Legal Appointed 25 November 2014	David is a corporate finance lawyer, with significant experience in mergers and acquisitions, project financing and business development in Australia, Indonesia and Thailand. Previously with Minter Ellison and Blake Dawson Waldron (now Ashurst), David has worked in the outdoor advertising industry for over 10 years throughout the Asia Pacific region. • Blake Dawson Waldron and then Minter Ellison affiliated firms in Indonesia • Established Thailand office of Minter Ellison in Bangkok • Regional COO and General Counsel for News Outdoor Group for Asia Pacific • Led commercial strategy and negotiations for QMS APAC M&A team

10. Company Secretary

Malcolm Pearce was appointed to the position of Company Secretary effective 8 February 2017. Malcolm is the Chief Operations Officer of the Group and has over 20 years' industry experience across finance, commercial, governance and corporate matters in media, banking and resource industries.

11. Directors' meetings

The number of Directors' meetings (including Board and Committee meetings) and the number of meetings attended by each Director during the financial year are detailed below.

Name of Director	Board Meeting		Audit and Risk Management Committee		Remuneration, Nomination and Corporate Governance Committee	
	Held	Attended	Held	Attended	Held	Attended
Wayne Stevenson	13	13	5	5	3	3
Robert Alexander	13	13	5	5	3	3
Anne Parsons	13	13	-	-	3	3
Barclay Nettlefold	13	13	-	-	-	-
David Edmonds	13	13	5	4	-	-

12. Proceedings on behalf of the Company

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

13. Indemnification and insurance of officers and auditor

The Company has indemnified the Directors and officers of the Company for costs incurred, in their capacity as a Director or officer, for which they may be held personally liable, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the Company paid a premium to insure the Directors and officers of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability, the name of the insurer, the limit of liability and the premium paid for the policy.

13. Indemnification and insurance of officers and auditor (continued)

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

14. Non-audit services

During the financial year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the financial year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee 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 auditor 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 a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for non-audit services provided during the year are set out below.

Services other than audit and review of Financial Statements	2018 $	2017 $
Taxation and due diligence services	178,694	27,280
	178,694	**27,280**

15. Auditor's independence declaration

The auditor's independence declaration is set out on page 93 and forms part of the Directors' report for the financial year ended 30 June 2018.

16. Directors' interests

The relevant interest of each Director in the share capital of the Company as at the date of this report is as follows:

	Ordinary shares	Performance rights
Barclay Nettlefold	46,123,806	352,303
Wayne Stevenson	1,420,756	-
David Edmonds	1,062,500	179,727
Anne Parsons	-	-
Robert Alexander	-	-

16. Directors' interests (continued)

The number of performance rights detailed above represents the total number of performance rights issued under the FY17 and FY18 grants, assuming that the on-target vesting conditions are satisfied.

The performance rights granted to Executive Directors are conditional on approval by shareholders at the Company's Annual General Meeting.

A performance right is an entitlement to the value of a QMS Media Limited ordinary share, which the Board may determine to settle in shares and/or cash.

17. Rounding off

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191* and in accordance with the Rounding Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

18. Remuneration report

Message from the Chairman and Chair of the Remuneration, Nomination and Corporate Governance Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the QMS Media Limited Remuneration report for the 2018 financial year.

The Board believes that an appropriately structured remuneration framework underpins a strong performance-based culture and assists in driving shareholder returns. In establishing our remuneration framework, the Group undertook a benchmarking exercise of executive remuneration, comparing it to similar sized entities and comparable companies. The resulting remuneration framework is consistent with our philosophy and has been specifically structured to link remuneration with the Group's business strategy and drivers, ensuring alignment between executive remuneration and the delivery of sustainable shareholder returns.

The following key principles underpin the framework:

- Alignment of executive performance with creation of sustainable value for shareholders with an appropriate balance of short term and long term components;
- Motivation and retention of executives through an appropriate mix of fixed and variable (at risk) pay;
- Delivery of market competitive remuneration to assist in attracting and maintaining high calibre talent;
- Behaviour alignment consistent with the Group's values and culture; and
- Simple, clear and transparent processes and documentation which is easily understood by participants and stakeholders.

In framing the remuneration structure, the Board assessed the Group's remuneration arrangements in the context of the Group's size and complexity, market capitalisation and in recognition of drivers which are integral to the delivery of the Group's business strategy. This includes but is not limited to the success of the digital development roll-out program, pipeline for permitted sites, the success of integrating business acquisitions and the delivery of digital innovation plans.

The remuneration framework is designed to attract, motivate and retain appropriately qualified and experienced senior executives and comprises the following three elements:

- Fixed remuneration positioned at the median of listed organisations of a similar size and complexity;
- Short term incentives ('STI') designed to drive performance over a twelve-month period relative to pre-determined Key Performance Indicators linked to our strategy; and
- Long term incentives ('LTI') designed to recognise the creation of long term shareholder value.

Consistent with current market best practice, a substantial proportion of the remuneration of senior executives is at risk and is not payable if key pre-determined internal and market-based performance criteria are not satisfied.

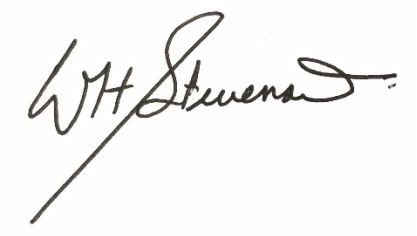
During the year, the second issue of performance rights were granted under the Group's Long-Term Incentive plan. This plan was established 2017 and is linked to the Group's medium to long term performance and assists in driving long term growth in shareholder value.

The past year has seen the Group produce strong financial outcomes, deliver on the digital development program and increase market share and brand recognition. This could not have been achieved without the dedication and support of our senior executive team. Accordingly, the remuneration incentives issued to senior executives for FY18 acknowledge this achievement, in addition to their individual contributions made to the Group.

On behalf of the Board, I would like to thank all of our employees for their dedication and efforts in achieving an outstanding result for the year.

The Board recommends the Remuneration report to shareholders for approval at the 2018 Annual General Meeting. As part of its commitment to corporate governance best practice, the Board welcomes feedback from external stakeholders on its remuneration practices and disclosures.

Yours Sincerely,



Wayne Stevenson
Chairman and Chair of the Remuneration, Nomination and Corporate Governance Committee
QMS Media Limited

18. Remuneration report – audited

1. Introduction

The Directors of QMS Media Limited present the Remuneration report for the Company and its controlled entities (collectively referred to as the 'Group') for the year ended 30 June 2018, in accordance with the Corporations Act 2001 and Australian Accounting Standards.

The Remuneration report outlines key elements and information on the remuneration framework for Non-Executive Directors, Executive Directors and other Key Management Personnel ('KMP'). KMP are identified as those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly. Under AASB 124 *Related Party Disclosures*, this is deemed to include Non-Executive Directors.

On 23 January 2018, the Group announced a restructure of its senior executive team, with the appointment of divisional leaders across its Australian and New Zealand businesses. Following the appointment of John O'Neill as CEO of the Australian business and Wayne Chapman as CEO of the New Zealand business, these individuals now meet the definition of KMP.

The names and positions of the KMP are listed in the table below.

Non-Executive Directors	
Wayne Stevenson	Chairman and Independent Non-Executive Director
Robert Alexander	Independent Non-Executive Director
Anne Parsons	Independent Non-Executive Director
Executive KMP	
Barclay Nettlefold	Chief Executive Officer
David Edmonds	Director Corporate and Legal
Peter Cargin	Chief Financial Officer
John O'Neill	CEO QMS Australia
Wayne Chapman	CEO QMS New Zealand

The Remuneration report is provided in the following format:

1. Introduction
2. Remuneration framework overview
3. 2018 financial year performance
4. Non-Executive Directors and Executive KMP remuneration
5. Remuneration governance

The Remuneration report has been prepared on a basis consistent with the Financial Statements and includes total remuneration details for the year ended 30 June 2018. This report refers to a range of non-IFRS financial information including EBITDA. The Directors consider these measures to be a better indicator of the underlying performance of the business and provide more meaningful comparisons of the operating performance of the business. Underlying EBITDA is the primary measure of the operating performance of the business and is a common performance measure used in the industry in which QMS Media Limited operates.

18. Remuneration report – audited (continued)

2. Remuneration framework overview

The Group operates in a competitive market and therefore attracting and retaining talented individuals is at the core of its success. Accordingly, the Board believes that an appropriately structured remuneration strategy underpins a strong performance-based culture and assists in driving shareholder returns. The Company's remuneration strategy has been developed with the assistance of specialist independent remuneration advisors, and is a clear, transparent and easily understood framework that is consistent with current market best practice.

For 2018, remuneration consists of a combination of Fixed Annual Remuneration ('FAR'), Short Term Incentives ('STI') and Long Term Incentives ('LTI'). This composition aligns with current market best practice, whereby a significant proportion of the remuneration of senior executives is 'at-risk' which means that it is not paid if pre-determined performance criteria are not met.

The LTI program is structured to ensure there is an appropriate balance between the achievement of short term objectives under the STI program and longer term goals so that senior executives continue to be motivated by long term growth in shareholder value.

Employees are remunerated on not only the overall Group achievement, but also values on behaviours and specific divisional and individual performance hurdles that contribute to the Group achieving its strategy. This ensures that there is consistency and a common purpose driving the performance of individuals.

2.1 Remuneration components

Fixed Annual Remuneration ('FAR')

The terms of employment for senior executives contains a fixed annual remuneration component comprising:

- Base salary;
- Superannuation; and
- Car allowance where applicable.

Fixed remuneration is based on the responsibilities associated with, and the skills required to perform the role. Compensation levels for all senior executives is regularly benchmarked to industry peer companies and comparable sized companies median pay levels as well as taking into account the individual's historical performance and contribution to the Group in the prior year. This process ensures that remuneration remains competitive with the market in which the Company operates for talent and reflects the skills, experience and performance of each individual.

Remuneration levels are reviewed annually as part of the formal performance assessment process, taking into account market movements, responsibilities and individual performance outcomes. There are no guaranteed fixed remuneration increases.

Superannuation is paid at the statutory rate of 9.5% for all employees.

Short Term Incentive ('STI')

The STI is an 'at-risk' cash based component of a senior executive contract that is based on achieving pre-determined performance outcomes. Performance against the STI targets is assessed at the end of the financial year against both individual performance and business performance.

Individual performance is based on the achievement of certain key performance objectives which vary in respect to the individual. Employees are incentivised to achieve superior personal performance which is expected to directly or indirectly impact business performance.

Business performance is based on the achievement of certain financial and non-financial key performance indicators linked to the key value drivers of the Group. The primary financial KPI is achievement of the underlying EBITDA Board approved budget. This criteria is set to align the Company's remuneration arrangements with the creation of shareholder value.

18. Remuneration report – audited (continued)

The on target STI entitlement calculated as a percentage of fixed annual remuneration is:

- CEO 40% of FAR
- Other KMP 30%-40% of FAR

Long Term Incentive ('LTI')

The Group has previously implemented an Employee Incentive Plan which allows the issue of performance rights, or such other approved securities convertible into shares to eligible persons (including Executive Directors, subject to compliance with the ASX listing rules) as the Board approves from time to time. Details of this scheme are located on the Company website.

The LTI is an 'at-risk' equity based component of a senior executive contract that is linked to the Company's medium to long term performance. Participation in the LTI program is only offered to senior executives who are able to influence the creation of shareholder value and have a direct impact on the Company's performance.

The performance rights granted are based on two equally weighted tranches. The first tranche is based on an indexed Total Shareholder Return ('TSR') vesting condition and the second tranche is based on a Compound Average Growth Rate ('CAGR') Earnings per Share ('EPS') vesting condition.

The on target LTI entitlement calculated as a percentage of fixed annual remuneration is:

- CEO 40% of FAR
- Other KMP 20%-35% of FAR

The number of performance rights granted is calculated by taking the relevant executive's fixed annual remuneration and multiplying it by the relevant LTI entitlement percentage, and dividing this by the Company's ten day volume weighted average share price ('VWAP') following the release of the annual results in August. Performance rights are equally weighted between the two tranches.

Each performance right is an entitlement to the value of a QMS Media Limited ordinary share which the Board may determine to settle in shares and/or cash, on satisfaction of the relevant performance criteria over the three year vesting period. Grants are made annually, effective from 1 July each year.

Shares allocated on the vesting performance rights are not subject to any restriction on the senior executives' rights to trade in those shares, other than any restrictions imposed by the Company's guidelines for dealing in securities. The performance rights granted to the Executive Directors are subject to approval by shareholders at the Company's Annual General Meeting.

The performance rights conditions are:

- 50% subject to a relative Total Shareholder Return ('TSR') hurdle measured against share price growth plus reinvestment of dividends
- 50% subject to CAGR EPS

The Board is of the opinion that, collectively, TSR and EPS performance measures are correlated with senior executive performance over time and creates a better alignment between the senior executive's reward and shareholder interests.

Performance rights will be forfeited if the performance criteria are not satisfied or the employee resigns prior to the end of the vesting period. The Board however has the discretion to allow employees who resign to remain in the LTI program in the event that the employee satisfies the Good Leaver provisions of the Plan Rules.

TSR performance conditions

The Board considers TSR as an appropriate performance hurdle because it links a proportion of each senior executives remuneration to shareholder value and ensures that a benefit is only provided when there is a corresponding benefit to shareholders.

18. Remuneration report – audited (continued)

The TSR performance conditions in relation to each grant are:

Performance level	Group's TSR relative to comparative TSR index	% of rights to vest
Stretch	≥ 200%	100%
Between target and stretch	>150% and <200%	Pro rata >50% and <100%
Target	150%	50%
Between threshold and target	>100% and <150%	Pro rata >25% and <50%
Threshold	100%	25%
Below threshold	<100%	0%

The Board believe it is appropriate to have 50% of the performance rights vest if the TSR threshold is on target as it provides motivation for the relevant senior executives to drive a competitive financial outcome which aligns with shareholder interests.

The comparative index for the measure of TSR growth is the Small Industrials Index. The Board considers this index appropriate as it reflects Companies of a similar size that are considered an alternative investment for investors.

EPS performance conditions

EPS is calculated on a statutory basis using the number of ordinary shares on issue at the effective date of the grant and the number of ordinary shares on issue at the end of the relevant measurement period to calculate compound EPS growth.

The EPS performance conditions in relation to each grant are:

Performance level	CAGR EPS	% of rights to vest
Stretch	≥ 18%	100%
Between target and stretch	>13% and <18%	Pro rata >50% and <100%
Target	13%	50%
Between threshold and target	>8% and <13%	Pro rata >25% and <50%
Threshold	8%	25%
Below threshold	<8%	0%

For testing purposes, the EPS hurdle is calculated with reference to audited financial statements, in order to ensure integrity, consistency and objectivity.

The CAGR EPS growth range reflects the Board's view of a reasonable long term target, taking into account the industry in which the Company competes, competitor performance, market share, operational performance and expected level of reinvestment of earnings in the business. The on target CAGR EPS hurdle is viewed as an attainable measure, whilst still remaining a stretch target to maximise performance and meet capital market expectations.

18. Remuneration report – audited (continued)

3. 2018 Financial Year Performance

The Group delivered strong operational and financial performance across all key metrics for the 2018 financial year. A detailed review of the Group's performance is contained within the Operating and Financial Review.

A summary of the FY18 financial highlights is provided in the table below.

Financial Highlights	
Revenue	Up 21% to $204.2m
Underlying EBITDA	Up 22% to $45.8m
NPAT	Up 10% to $18.4m
NPATA[1]	Up 24% to $28.0m
EPS (cents)	Up 8% to 5.6

For the current year, the Board determined that the achievement of revenue, underlying EBITDA and NPAT were the most relevant measures for assessing performance. However, other factors considered in the determination of STIs were linked to the achievement of KPIs across a range of activities including:

- Successful rollout of large digital screens in Australia and New Zealand (112 at 30 June 2018);
- Strong pipeline of permitted sites for growth in FY19;
- Delivery of digital innovation plans;
- Growth in revenue contribution from digital; and
- Performance against the Company's stated values and behaviours.

The above achievements were an excellent result for the Group, enabling it to capitalise on the strong market leading momentum in the Out-of-Home advertising market.

[1] Net profit after tax and amortisation

18. Remuneration report – audited (continued)

4. Non-Executive Directors and Executive KMP remuneration

Details of the nature and amount of each major element of remuneration of each Non-Executive Director and Executive KMP of the Group for the year ending 30 June 2018 are:

	Short-term			Post-employment			
in dollars	Salary and fees[1]	STI cash bonus[2]	Total	Superannuation benefits	Share based payment remuneration[3]	Total	Proportion of remuneration performance related
Non-Executive Directors							
Wayne Stevenson	144,000	-	144,000	13,680	-	157,680	0.0%
Robert Alexander	90,000	-	90,000	8,550	-	98,550	0.0%
Anne Parsons	85,000	-	85,000	8,075	-	93,075	0.0%
Sub-total Non-Executive Directors' remuneration	**319,000**	**-**	**319,000**	**30,305**	**-**	**349,305**	**0.0%**
Executive KMP							
Barclay Nettlefold	617,081	225,394	842,475	59,923	57,350	959,748	29.5%
David Edmonds	404,980	116,719	521,699	37,860	29,362	588,921	24.8%
Peter Cargin	359,388	106,448	465,836	35,113	26,766	527,715	25.2%
John O'Neill[4]	220,839	91,333	312,172	-	20,514	332,686	33.6%
Wayne Chapman[4]	158,689	28,025	186,714	4,767	8,167	199,648	18.1%
Sub-total Executive KMP remuneration	**1,760,977**	**567,919**	**2,328,896**	**137,663**	**142,159**	**2,608,718**	**27.2%**
Total remuneration	**2,079,977**	**567,919**	**2,647,896**	**167,968**	**142,159**	**2,958,023**	**24.0%**

1. Includes allowances.

2. STI bonus in respect of FY18 performance, accrued at 30 June 2018, to be paid in FY19.

3. Fair value of performance rights granted in FY17 and FY18. Consistent with the expense recorded in FY18. Scheduled to vest on 30 June 2019 and 30 June 2020 respectively.

4. Appointed KMP effective 23 January 2018. Amounts detailed above represent remuneration details from the date of KMP classification.

18. Remuneration report – audited (continued)

Details of the nature and amount of each major element of remuneration of each Non-Executive Director and Executive KMP of the Group for the year ending 30 June 2017 are:

in dollars	Short-term			Post-employment	Share based payment		Proportion of remuneration performance related
	Salary and fees[1]	STI cash bonus[2]	Total	Superannuation benefits	remuneration[3]	Total	
Non-Executive Directors							
Wayne Stevenson	138,000	-	138,000	13,110	-	151,110	0.0%
Robert Alexander	88,750	-	88,750	8,431	-	97,181	0.0%
Anne Parsons	82,500	-	82,500	7,838	-	90,338	0.0%
Sub-total Non-Executive Directors' remuneration	**309,250**	**-**	**309,250**	**29,379**	**-**	**338,629**	**0.0%**
Executive KMP							
Barclay Nettlefold	567,314	220,000	787,314	55,900	62,070	905,284	31.2%
David Edmonds	360,621	108,499	469,120	46,367	31,565	547,052	25.6%
Peter Cargin	345,383	99,330	444,713	43,596	28,897	517,206	24.8%
Sub-total Executive KMP remuneration	**1,273,318**	**427,829**	**1,701,147**	**145,863**	**122,532**	**1,969,542**	**27.9%**
Total remuneration	**1,582,568**	**427,829**	**2,010,397**	**175,242**	**122,532**	**2,308,171**	**23.8%**

1. Includes allowances.

2. STI bonus in respect of FY17 performance, accrued at 30 June 2017, paid in FY18.

3. Fair value of performance rights granted in FY17 and scheduled to vest on 30 June 2019.

18. Remuneration report – audited (continued)

Fixed and variable remuneration

The Company's remuneration is structured to include a mix of fixed annual remuneration and variable remuneration through 'at risk' short term and long term components. The mix of these components varies for different levels of management.

The relative proportions of the fixed and variable pay components of the Executive KMP remuneration for the 2018 financial year are detailed in the table below. The STI and LTI components represents the on target component calculated on the base salary, excluding allowances and superannuation.

Executive KMP	Fixed remuneration	At risk - STI	At risk - LTI	Total performance based remuneration
Barclay Nettlefold	56%	22%	22%	44%
David Edmonds	62%	19%	19%	38%
Peter Cargin	62%	19%	19%	38%
John O'Neill	57%	23%	20%	43%
Wayne Chapman	67%	20%	13%	33%

Short Term Incentives

In light of the strong financial performance delivered in the 2018 financial year, short term incentive payments were issued to KMP to acknowledge this achievement, in addition to their individual contributions made to the Group. A summary of the payments issued to each Executive KMP in respect of FY18 are summarised below.

Executive KMP	Cash $	Super $	STI included in remuneration $	Percentage of STI payable	Percentage of STI forfeited
Barclay Nettlefold	225,394	21,412	246,806	102%	0%
David Edmonds	116,719	11,088	127,807	104%	0%
Peter Cargin	106,448	10,113	116,561	104%	0%
John O'Neill	91,333	-	91,333	103%	0%
Wayne Chapman	28,025	1,093	29,118	59%	41%

Remuneration is based on the achievement of individual pre-determined performance criteria and the achievement of the Board approved divisional and Group EBITDA budgets.

18. Remuneration report – audited (continued)

Long Term Incentives

Details of the equity grants issued to Executive KMP for the year ended 30 June 2018 are summarised below. There were no grants made to Non-Executive Directors in order to preserve independence.

Executive KMP	Financial year	Performance measurement commencement date	Grant date	No. of performance rights granted	Vesting date
Barclay Nettlefold	2018	1 July 2017	29 June 2018	185,150*	30 June 2020
David Edmonds	2018	1 July 2017	29 June 2018	94,724*	30 June 2020
Peter Cargin	2018	1 July 2017	29 June 2018	86,388	30 June 2020
John O'Neill	2018	1 July 2017	29 June 2018	148,527	30 June 2020
Wayne Chapman	2018	1 July 2017	29 June 2018	63,991	30 June 2020

* Subject to approval at the 2018 Annual General Meeting.

The number of performance rights is consistent with the share based payment expense recorded in FY18 and are allocated equally over the two tranches.

Non-Executive Directors

The Board aims to set remuneration for Non-Executive Directors at a level that attracts and retains Non-Executive Directors of a high calibre and talent. Fees are set at levels which reflect the responsibilities and time commitment required from each Director to discharge their duties.

Remuneration for Non-Executive Directors is not linked to Group performance and is solely comprised of Directors' fees (including statutory superannuation), in order to maintain Director independence when making decisions about the future direction of the Group.

Total compensation for all Non-Executive Directors did not exceed $600,000, the cap approved by shareholders in September 2016 based on an external advisor's benchmarking fee data for Non-Executive Directors against the fees paid by a range of comparable companies.

The Directors' annual fee structure, including superannuation for the year ended 30 June 2018 was as follows:

	Chair Fee $	Member Fee $
Board	157,680	87,600
Audit and Risk Management Committee	10,950	N/A
Remuneration, Nomination and Corporate Governance Committee	-	5,475

Non-Executive Directors do not receive performance related compensation and are not provided with retirement benefits apart from superannuation.

18. Remuneration report – audited (continued)

Shareholdings in the Group

The following table sets out the movement during the year in the number of ordinary shares in QMS Media Limited held directly, indirectly or beneficially, by each Director or KMP, including their related parties, as follows:

	Held at 1 July 2017	Acquired	Sold	Held at 30 June 2018
Non-Executive Directors				
Wayne Stevenson	1,193,076	227,680	-	1,420,756
Anne Parsons	-	-	-	-
Robert Alexander	-	-	-	-
Executive KMP				
Barclay Nettlefold	45,059,236	1,064,570	-	46,123,806
David Edmonds	1,062,500	-	-	1,062,500
Peter Cargin	184,616	-	-	184,616
John O'Neill	4,961,846	-	-	4,961,846
Wayne Chapman	-	-	-	-

Contractual arrangements with Executive KMPs

Remuneration and terms of employment are specified in employee contracts. These contracts specify the fixed annual remuneration component comprising base salary, motor vehicle allowance and superannuation contributions, the STI component and participation in the Group's LTI program.

Details on the notice periods required to terminate these contracts and the termination payments provided under the employee contracts is detailed in the table below.

Executive KMP	Notice of termination	Termination payment
Barclay Nettlefold	24 Months	24 Months*
David Edmonds	12 Months	12 Months
Peter Cargin	9 Months	9 Months
John O'Neill	12 Months	12 Months
Wayne Chapman	12 Months	12 Months

*Subject to shareholder approval.

All Executive KMP are employed on a full-time basis.

5. Remuneration Governance

Responsibility for remuneration

The Remuneration, Nomination and Corporate Governance Committee was established in 2015. Its charter is to support and advise the QMS Media Limited Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Group in relation to governance and oversight of the Group's remuneration and nomination policies and practices. This enables the Group to attract and retain Directors and senior executives and appropriately align the interests of management to stakeholders.

18. Remuneration report – audited (continued)

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

- Review and make recommendations regarding the general remuneration strategy for the Group;
- Review and make recommendations regarding changes in remuneration policy and practices, including the composition of and participation in, the short and long term incentive programs;
- Review and evaluate market practice and trends in remuneration matters;
- Review key financial and non-financial drivers used to set appropriate internal and market-based performance hurdles;
- Review and make recommendations to the Board regarding executive management remuneration; and
- At a minimum, annually review the composition of the short and long term incentive programs.

In order to maintain independence from management when making decisions affecting employee remuneration, particularly in respect of the Chief Executive Officer and senior executives, the Remuneration, Nomination and Corporate Governance Committee is comprised solely of Independent Non-Executive Directors.

Remuneration governance mechanisms

As part of the Board's commitment to align remuneration with Group performance, individual employee performance is assessed and measured on an annual basis against pre-determined performance criteria. The Company's performance review system involves employees completing an individual self-assessment and then their direct manager assessing their performance against each pre-determined criteria.

These written assessments form the basis of a performance review discussion between the employee and their direct manager.

The Board, through its Remuneration, Nomination and Corporate Governance Committee, agrees the objectives for the evaluation of the performance of the Chief Executive Officer and reviews the objectives of other senior executives. A review of the performance of the Chief Executive Officer against agreed objectives is led by the Chairman in consultation with the Board. The performance of all other senior executives is reviewed by the Chief Executive Officer and reported to and discussed by the Board.

Performance reviews take place at the end of the financial year and along with benchmarking data, form the basis for the STI and remuneration package recommendations for the following financial year.

Share trading policy

The Group established its Securities Trading Policy in 2015 (subsequently amended in 2017), for the purpose of establishing best practice procedures and processes for trading in the Company's securities that protects the Group, its Directors and employees against engaging in dealings which breach, or have the potential to breach the prohibitions on insider trading activities contained in the Corporations Act 2001.

The Policy outlines the parameters in which a restricted person is not able to deal in the Company's securities and sets the parameters for when dealing in securities is permissible. These are:

- No dealings in the Company's securities are permitted when individuals are in possession of price sensitive information that is not generally available to the public; and
- No trading is to be undertaken in blackout periods (except in exceptional circumstances) and then only with the approval of the Chairman of the Board.

18. Remuneration report – audited (continued)

External remuneration consultants

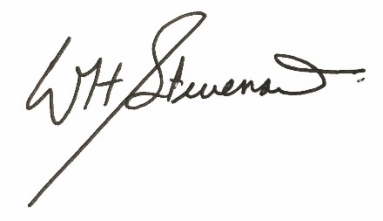
The Remuneration, Nomination and Corporate Governance Committee considers it important to seek external advice on an ongoing basis so as to enable it to remain fully informed about remuneration trends and market information for specific matters and policy and frameworks generally.

Prior to engaging a remuneration advisor, the Committee considers the scope of the engagement, the desired outcomes and any potential conflicts of interest to ensure the advisor is independent and free from undue influence by any member of KMP affected by the remuneration recommendation.

During the 2018 financial year, an external remuneration advisor, Godfrey Remuneration Group Pty Limited, was engaged. This advisor assisted with the provision of relevant market information in relation to remuneration benchmarking and advice on the formation and performance of the Company's LTI program.

The Committee is satisfied that all advice received from remuneration advisors has been given free of undue influence by senior executives.

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



Wayne Stevenson
Chairman

31 August 2018
Melbourne

Corporate governance statement

For the year ended 30 June 2018

Introduction

The Company's Board of Directors has the overall responsibility for corporate governance, including establishing the corporate governance framework. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company.

The Company has taken into account the guidelines published by the ASX Corporate Governance Council as well as its corporate governance principles and recommendations.

Various aspects of the Company's corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to the Company's website at www.qmsmedia.com.

Board of Directors

The Board aims to build sustainable value for shareholders whilst protecting the assets and reputation of the Company. The Board has adopted a formal Charter which sets out the functions and responsibilities of the Board, its structure and governance requirements. Under the Board Charter, the overall functions of the Board are to:

(i) Set the direction, goals and objectives of the Company;

(ii) Monitor the implementation of policies, strategies and financial objectives and provide effective oversight of the Company;

(iii) Review and monitor the principal risks of the Company, the system of internal controls and compliance, and adherence to regulatory and ethical standards;

(iv) Approve and monitor processes that provide financial control and accountability and which ensure accurate and timely financial reporting, including approval of dividends, financial results, budgets and strategic plans, major capital expenditure, acquisitions and divestments;

(v) Appoint and monitor the performance of Directors and officers of the Company; and

(vi) Act as an effective interface with the Company's shareholders and other stakeholders.

To ensure that the Board is able to effectively fulfill its responsibilities, it has established guidelines for the nomination and selection of Directors and for the operations of the Board.

The responsibility for the operation and administration of the Company is delegated by the Board to senior management. The Board ensures that this team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the senior management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship, two specialist sub-committees have been established to focus on particular responsibilities and provide informed guidance and feedback to the Board.

Audit and Risk Management Committee

The Audit and Risk Management Committee's role is to assist the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions.

Key responsibilities

The Audit and Risk Management Committee's key responsibilities and functions are to assist the Board in fulfilling its responsibilities to:

(i) Oversee the financial reporting process, the system of internal controls relating to all matters affecting the Company's financial performance, the internal and external audit process, and the process for monitoring compliance with laws and regulations and the Company's Code of Conduct;

(ii) Develop and ensure the effective implementation of appropriate ethical standards and management of the Company and the conduct of its business;

(iii) Review and monitor the effectiveness of the Company's risk management strategies as well as the adequacy of the Company's insurance arrangements; and

(iv) Review and oversee any related party transactions.

As set out in its Charter, the Audit and Risk Management Committee comprises at least three members, the majority of whom are independent Non-Executive Directors. The Chair of the Committee is an independent Director who is not the Chair of the Board.

Internal audit

The Audit and Risk Committee is responsible for overseeing processes to ensure there is an adequate internal control framework in place which is operating effectively.

The Group currently does not have an internal audit function, which the Board has determined is appropriate given the size of the Group and the nature of its business. Instead, senior management oversees the adequacy and effectiveness of the Group's risk management, internal controls and governance frameworks. This includes identifying key risks, developing policies and procedures to manage these risks, ensuring appropriate action is taken with respect to each identified risk and providing recommendations to improve the efficiency and effectiveness of processes in place.

Remuneration, Nomination and Corporate Governance Committee

The Remuneration, Nomination and Corporate Governance ('RNCG') Committee's role is to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Company in relation to governance and oversight of the Company's remuneration and nomination policies and practices. This enables it to attract and retain Directors and senior management and appropriately align their interests with those of stakeholders.

Key responsibilities

The RNCG Committee's key responsibilities and functions are to ensure that:

(i) Directors and senior management of the Company are remunerated fairly and appropriately;

(ii) Remuneration policies and outcomes strike an appropriate balance between the interests of the Company's shareholders and rewarding the Company's executives and employees in order to secure the long term benefits of their energy and loyalty;

(iii) Human resources practice and policies are consistent with and complementary to the strategic direction and objectives of the Company;

(iv) Board and Committee composition reflects appropriate skills, expertise and diversity;

(v) Proper succession plans are in place for Directors and senior management; and

(vi) Appropriate corporate governance policies are implemented and that Company performance against corporate governance policies is critically reviewed.

As set out in its Charter, the RNCG Committee comprises at least three members, all of whom are Independent Non-Executive Directors.

Committee Membership

Membership of Board Committees during the year and as at the date of this report is set out below.

	Remuneration, Nomination and Corporate Governance Committee	Audit and Risk Management Committee
Wayne Stevenson, Independent Non-Executive Chairman	Chair	Member
Barclay Nettlefold, Chief Executive Officer	-	-
Robert Alexander, Independent Non-Executive Director	Member	Chair
Anne Parsons, Independent Non-Executive Director	Member	-
David Edmonds, Director Corporate and Legal	-	Member

Each Director's relevant qualifications and experience are listed on pages 11 to 12 of this Director's report.

Attendance at Committee Meetings

Refer to section 11 within the Directors' report for details regarding attendance at Committee meetings.

Powers delegated to management

The Board has delegated to the Chief Executive Officer authority and powers to manage the Group within levels of authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of his authority and power but remains accountable to the Board for the Group's performance and is required to report regularly to the Board on the progress being made by the Group.

The respective roles and responsibilities of the Board and management, including those matters expressly reserved to the Board and those delegated to management, are set out in the Board Charter and Delegation of Authority.

The Chief Executive Officer's role includes:

(i) responsibility for the effective leadership of the management team;

(ii) the development of strategic objectives for the business; and

(iii) the day-to-day management of the Group's operations.

Independence of Directors

The Board Charter sets out guidelines and thresholds of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations. The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship which could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of judgement.

The Board considers thresholds of materiality for the purpose of determining "independence" on a case-by-case basis, having regard to both the quantitative and qualitative principles. The Board reviews the independence of each Director in light of interests disclosed to the Board on an ongoing basis. Refer to the Company's website for a specific definition of Director independence.

The Board considers that Wayne Stevenson, Robert Alexander and Anne Parsons are free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the

independent exercise of the Director's judgement and are able to fulfil the role of an Independent Director for the purpose of the ASX Recommendations.

Barclay Nettlefold and David Edmonds are currently considered by the Board not to be independent. Barclay Nettlefold is currently the Chief Executive Officer and holds approximately 14.2% (2017: 14.0%) of the Company's shares. David Edmonds is employed by the Company in an executive capacity as Director Corporate and Legal.

Annual General Meeting

The Company's AGM will be held on 23 November 2018. The Company's external auditor, KPMG, has indicated that they will attend the AGM and will be available to answer questions from shareholders relevant to the audit of the financial report for the year ended 30 June 2018.

Key Governance Policies

The Group has adopted a number of key policies, full copies of which are available on the Company website.

Code of Conduct

The Board recognises the need to observe the highest standard of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct which is based on the Company's core values and the expectations of all of our stakeholders.

The Company is committed to maintaining ethical standards in the conduct of its business in order to:

(i) Promote standards of responsibility and professional conduct of its Directors and employees;

(ii) Promote a healthy, respectful and positive workplace environment; and

(iii) Support our business reputation and corporate image in the wider community.

The Code applies to the Company and all of its subsidiaries. All employees are expected to understand the principles of the Code and uphold its values.

Continuous Disclosure Policy and Shareholder Communication Policy

Continuous Disclosure

The Company has adopted a set of procedures and guidelines to ensure that it complies with its continuous disclosure obligations in accordance with all applicable legal and regulatory requirements, including the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange (ASX).

The Continuous Disclosure Policy sets out procedures which are aimed at ensuring that Directors and management are aware of and fulfill their obligations in relation to the timely disclosure of price sensitive information. Continuous disclosure announcements are made to the ASX and are available on the Company website at qmsmedia.com.

Shareholder Communication

The Board's aim is to ensure that shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company.

The Company's Shareholder Communication Policy recognises that interaction with shareholders goes beyond its strict legal obligations and includes market briefings, annual reports, shareholder meetings, newsletters, and other shareholder communications, its website and media releases.

The Company's website contains relevant information for shareholders, including announcements lodged with the ASX by the Company, annual reports, press releases, key policies and terms of reference for the Board and its Committees and other material relevant to the Company's shareholders.

Diversity Policy

The Company is committed to an inclusive and diverse workplace and acknowledges the positive outcomes and benefits which can be achieved through embracing a diverse workforce.

The Company aims to ensure that:

(i) Its culture at all levels supports all aspects of diversity, while maintaining a high-performance culture;

(ii) Recruitment selection and promotion practices are appropriately structured to attract and consider a diverse range of candidates and avoid any conscious or unconscious bias;

(iii) Its programs and processes are designed to develop a broader and more diverse pool of employees and support domestic responsibilities;

(iv) Equality is at the forefront of conscious behaviors and action is taken against discriminatory behaviors; and

(v) Objectives are set on an annual basis to improve diversity and measure such improvement.

Gender diversity

As at 30 June 2018, the proportion of women employed by the Group was as follows:

(i)	Board of Directors	20% (2017: 20%)
(ii)	Key Management Personnel (including Board of Directors)	13%* (2017: 17%)
(iii)	Senior Management	38% (2017: 36%)
(iv)	Total Group Representation	41% (2017: 38%)

*Due to the inclusion of two new KMP roles

Securities Trading Policy

The Company has adopted a Securities Trading Policy for dealing in securities which: (i) prohibits types of conduct that would breach the Corporations Act 2001; and (ii) establishes a best practice procedure in relation to dealing in shares by Directors and employees.

The policy regulates dealings in securities to minimise the risk of transactions breaching, or potentially breaching, the prohibitions on insider trading contained in the Corporations Act 2001 and aims to increase transparency with respect to dealings in securities in the Company.

Compliance with Corporate Governance Principles

The Company's corporate governance practices, and the extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) in 2014, is set out below. Details on compliance with the Corporate Governance Principles and Recommendations relate to the year ended 30 June 2018, unless specified otherwise.

Recommendation	Comply
Principle 1 – Lay solid foundations for management and oversight	
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Yes
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	Yes
1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Yes
1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the functioning of the Board.	Yes
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (i) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes

Recommendation	Comply
Principle 2 – Structure the Board to add value	
2.1 The Board of a listed entity should: (a) have a Nomination Committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director; And disclose: (iii) the charter of the Committee; (iv) the members of the Committee; and (v) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a Nomination Committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes
2.2 A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes
2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship relevant to assessing independence, but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director.	Yes
2.4 A majority of the Board of a listed entity should be independent Directors.	Yes
2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	Yes
2.6 A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Yes
Principle 3 – Act ethically and responsibly	
3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose the code or a summary of it.	Yes

Recommendation	Comply
Principle 4 – Safeguard integrity in corporate reporting	
4.1 The Board of a listed entity should: (i) have an Audit Committee which: (ii) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors[1]; and (iii) is chaired by an independent Director, who is not the chair of the Board And disclose: (iv) the charter of the Committee; (v) the relevant qualifications and experience of the members of the Committee; and (vi) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings. (a) if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes/Will comply[1]
4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes
Principle 5 – Make timely and balanced disclosure	
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes
Principle 6 – Respect the rights of security holders	
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes

[1] The Committee is currently comprised of two Non-Executive Directors and one Executive Director. Due to the specific skill set, experience and expertise held by the Executive Director, the Board considers it to be in the best interest of the Company and its shareholders to have this Executive Director sit on the Committee. The Company intends to review the composition of the Committee throughout FY19.

Recommendation	Comply
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes
Principle 7 – Recognise and manage risk	
7.1 The Board of a listed entity should: (a) have a Committee or Committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Chair; And disclose: (iii) the charter of the Committee; (iv) the members of the Committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes
7.2 The Board or a Committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such review has taken place.	Yes
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes
Principle 8 – Remunerate fairly and responsibly	
8.1 The Board of a listed entity should: (a) have a Remuneration Committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director; And disclose: (iii) the charter of the Committee; (iv) the members of the Committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes

Recommendation	Comply
(b) if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	Yes
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue and other income	*1*	204,194	168,636
Cost of sales		(107,157)	(87,550)
Gross profit		**97,037**	**81,086**
Advertising and marketing expenses		(1,118)	(1,456)
Consultancy fees		(1,038)	(977)
Employee benefits expense		(34,217)	(30,643)
Legal and professional fees		(644)	(938)
Costs associated with acquisitions		(459)	(411)
Office expenses		(3,751)	(3,417)
Restructuring and integration costs		(371)	(886)
Other expenses		(8,084)	(6,047)
Depreciation expense	*9*	(8,292)	(6,761)
Amortisation expense	*10*	(9,592)	(5,898)
Operating profit		**29,471**	**23,652**
Finance income	*3*	2,509	149
Finance costs	*3*	(7,482)	(3,077)
Net finance costs	*3*	**(4,973)**	**(2,928)**
Share of loss from associates	*11*	(763)	(104)
Profit before tax		**23,735**	**20,620**
Income tax expense	*5*	(5,353)	(3,955)
Profit after tax		**18,382**	**16,665**
Profit after tax attributable to:			
Owners of the Company		18,079	16,145
Non-controlling interests		303	520
		18,382	**16,665**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		(1,609)	(577)
Effective portion of changes in fair value of cash flow hedge, net of tax		20	(131)
Change in fair value of available-for-sale financial asset		20	5
Total comprehensive income, net of tax		**16,813**	**15,962**
Total comprehensive income attributable to:			
Owners of the Company		16,510	15,442
Non-controlling interests		303	520
Total comprehensive income for the year		**16,813**	**15,962**
Earnings per share			
Basic earnings per share (cents)	*4*	5.6	5.2
Diluted earnings per share (cents)	*4*	5.6	5.2

The statement of profit or loss and other comprehensive income is to be read in conjunction with the Notes to the Financial Statements on pages 44 to 86.

Statement of financial position

As at 30 June 2018

	Note	2018 $'000	2017 $'000
Assets			
Cash and cash equivalents		22,654	11,375
Trade and other receivables	6	35,973	30,629
Inventories		819	723
Assets held for sale	7	8,109	-
Current tax assets		174	-
Other current assets	8	40,568	12,461
Total current assets		**108,297**	**55,188**
Property, plant and equipment	9	91,103	79,832
Other non-current assets		815	-
Deferred tax assets	5	6,259	5,556
Investments		91	1,656
Intangible assets and goodwill	10	228,532	187,838
Total non-current assets		**326,800**	**274,882**
Total assets		**435,097**	**330,070**
Liabilities			
Trade and other payables		18,856	15,316
Deferred revenue		6,948	5,102
Current tax liabilities		6,197	5,355
Loans and borrowings	15	1,327	1,165
Deferred and contingent consideration	16	14,621	7,917
Provisions	17	2,413	2,270
Other liabilities	22	13,600	9,361
Liabilities held for sale	7	780	-
Total current liabilities		**64,742**	**46,486**
Deferred and contingent consideration	16	7,976	7,517
Loans and borrowings	15	132,002	55,994
Other non-current liabilities		2,010	2,057
Provisions	17	9,075	7,431
Deferred tax liabilities	5	7,816	8,745
Total non-current liabilities		**158,879**	**81,744**
Total liabilities		**223,621**	**128,230**
Net assets		**211,476**	**201,840**
Equity			
Share capital	12	187,233	183,637
Reserves	12	(5,001)	(2,262)
Retained earnings		28,598	17,622
Total equity attributable to equity holders of the Company		**210,830**	**198,997**
Non-controlling interests	12	646	2,843
Total equity		**211,476**	**201,840**

The statement of financial position is to be read in conjunction with the Notes to the Financial Statements on pages 44 to 86.

Statement of changes in equity

For the year ended 30 June 2018

	Share capital	Translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Share based payments reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2017	**183,637**	**1,870**	**5**	**(131)**	**480**	**(4,486)**	**17,622**	**198,997**	**2,843**	**201,840**
Profit after tax	-	-	-	-	-	-	18,079	18,079	303	18,382
Other comprehensive income										
Foreign currency translation differences	-	(1,609)	-	-	-	-	-	(1,609)	-	(1,609)
Effective portion of changes in fair value of cash flow hedge	-	-	-	29	-	-	-	29	-	29
Deferred tax on cash flow hedge	-	-	-	(9)	-	-	-	(9)	-	(9)
Change in fair value of available-for-sale asset	-	-	20	-	-	-	-	20	-	20
Total comprehensive income	-	(1,609)	20	20	-	-	18,079	16,510	303	16,813
Transactions with owners of the Company Contributions and distributions										
Share issue costs	(517)	-	-	-	-	-	-	(517)	-	(517)
Deferred tax benefit	(440)	-	-	-	-	-	-	(440)	-	(440)
Dividend Reinvestment Plan	4,553	-	-	-	-	-	(4,553)	-	-	-
Dividends paid	-	-	-	-	-	-	(2,550)	(2,550)	-	(2,550)
Equity-settled share-based payments	-	-	-	-	442	-	-	442	-	442
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	(1,612)	-	(1,612)	(2,500)	(4,112)
Total contributions and distributions	3,596	-	-	-	442	(1,612)	(7,103)	(4,677)	(2,500)	(7,177)
Balance at 30 June 2018	**187,233**	**261**	**25**	**(111)**	**922**	**(6,098)**	**28,598**	**210,830**	**646**	**211,476**
Balance at 1 July 2016	**164,902**	**2,447**	**-**	**-**	**-**	**(4,486)**	**8,574**	**171,437**	**(177)**	**171,260**
Profit after tax	-	-	-	-	-	-	16,145	16,145	520	16,665
Other comprehensive income										
Foreign currency translation differences	-	(577)	-	-	-	-	-	(577)	-	(577)
Effective portion of changes in fair value of cash flow hedge	-	-	-	(187)	-	-	-	(187)	-	(187)
Deferred tax on cash flow hedge	-	-	-	56	-	-	-	56	-	56
Change in fair value of available-for-sale asset	-	-	5	-	-	-	-	5	-	5
Total comprehensive income	-	(577)	5	(131)	-	-	16,145	15,442	520	15,962
Transactions with owners of the Company Contributions and distributions										
Issue of ordinary shares	20,000	-	-	-	-	-	-	20,000	-	20,000
Share issue costs	(825)	-	-	-	-	-	-	(825)	-	(825)
Deferred tax benefit	(440)	-	-	-	-	-	-	(440)	-	(440)
Dividends paid	-	-	-	-	-	-	(7,097)	(7,097)	-	(7,097)
Equity-settled share-based payments	-	-	-	-	480	-	-	480	-	480
Elwood non-controlling interest	-	-	-	-	-	-	-	-	2,500	2,500
Total contributions and distributions	18,735	-	-	-	480	-	(7,097)	12,118	2,500	14,618
Balance at 30 June 2017	**183,637**	**1,870**	**5**	**(131)**	**480**	**(4,486)**	**17,622**	**198,997**	**2,843**	**201,840**

The statement of changes in equity is to be read in conjunction with the Notes to the Financial Statements on pages 44 to 86.

Statement of cash flows

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Cash receipts from customers		217,070	182,113
Cash paid to suppliers and employees		(179,356)	(146,502)
Interest paid		(5,148)	(1,794)
Income taxes paid	*27*	(6,449)	(4,770)
Net cash from operating activities	*27*	**26,117**	**29,047**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(3,166)	(20,692)
Payments of acquisition costs	*27*	(459)	(411)
Investments		-	(1,119)
Acquisition of property, plant and equipment		(18,425)	(25,754)
Acquisition of intangible assets		(32,102)	(21,899)
Deferred consideration payments		(9,521)	(6,297)
Net cash used in investing activities		**(63,673)**	**(76,172)**
Cash flows from financing activities			
Proceeds from issue of share capital	*12*	-	20,000
Transaction costs related to issue of shares	*12*	(517)	(825)
Payment of loans to third party	*8*	(22,837)	(1,902)
Dividend paid		(2,550)	(7,097)
Receipt / (payment) to associates		83	(1,382)
Receipt of borrowings (net)		75,076	37,326
Payment of related party loans		-	(11)
Net cash from financing activities		**49,255**	**46,109**
Net decrease in cash and cash equivalents		**11,699**	**(1,016)**
Cash and cash equivalents at 1 July		11,375	12,642
Effect of movements in exchange rates on cash held		(420)	(251)
Cash and cash equivalents at 30 June		**22,654**	**11,375**

The statement of cash flows is to be read in conjunction with the Notes to the Financial Statements on pages 44 to 86.

Index to the Notes to the Financial Statements

Notes to the Financial Statements

1. Revenue and other income

	2018 $'000	2017 $'000
Sale of media, print production and other services	202,205	165,314
Release of contingent consideration	1,635	-
Other income	354	3,319
Share of profit from associates	-	3
	204,194	**168,636**

Accounting policy for revenue recognition

Revenue from core operating activities consists of Out-of-Home advertising revenues. Revenue is recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax.

Revenue from media advertising is recognised equally on a pro-rata basis over the period in which the advertising is on display. Revenue for print production is recognised on completion of the assignment. Commissions payable to advertising agencies are recognised as cost of sales.

2. Operating segments

The Group operates in one market segment being Out-of-Home advertising. Segment information reported to the Board of Directors, who are considered to be the chief operating decision maker of the Group, is substantially similar to information provided in this financial report.

3. Net finance costs

	2018 $'000	2017 $'000
Interest income	2,509	149
Finance income	**2,509**	**149**
Interest expense	(5,835)	(2,111)
Discount unwind on deferred and contingent consideration and loans	(1,373)	(311)
Borrowing costs amortisation	(274)	(98)
Borrowing costs written off	-	(557)
Finance costs	**(7,482)**	**(3,077)**
Net finance costs recognised in profit or loss	**(4,973)**	**(2,928)**

Accounting policy for finance costs

Interest income is recognised when earnt using the effective interest method.

Financing costs are recognised as expenses in the period in which they are incurred. Financing costs include finance lease charges, discount unwind on future payment obligations, amortisation on short-term and long-term borrowings and ancillary costs incurred in connection with arrangement of borrowings.

4. Earnings per share

The calculation of basic and dilutive earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

(i) Shares on issue	*Note*	2018 '000	2017 '000
Number of shares on issue	*12(a)*	325,792	320,969

(ii) Profit attributable to ordinary shareholders (basic and diluted)	2018 $'000	2017 $'000
Profit for the year, attributable to the owners of the Company	18,079	16,145

(iii) Weighted average number of ordinary shares – basic	Weighted average ('000)	Weighted average ('000)
Issued ordinary shares at 1 July	320,969	301,921
Dividend Reinvestment Plan – October 2017	1,709	-
Dividend Reinvestment Plan – April 2018	538	-
Effect of private institutional placement – December 2016	-	10,414
Weighted average ordinary shares at 30 June - basic	**323,216**	**312,335**

(iv) Weighted average number of ordinary shares – diluted	Weighted average ('000)	Weighted average ('000)
Weighted average number of ordinary shares - basic	323,216	312,335
Effect of performance rights on issue	756	357
Weighted average ordinary shares at 30 June - diluted	**323,972**	**312,692**

(v) Earnings per share	2018	2017
Basic earnings per share (cents)	5.6	5.2
Diluted earnings per share (cents)	5.6	5.2

Accounting policy for earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share is determined by adjusting the net profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5. Income taxes

(a) Amounts recognised in profit or loss

	Note	2018 $'000	2017 $'000
Current tax expense			
Current year		(3,272)	(1,075)
		(3,272)	**(1,075)**
Deferred tax expense			
Origination and reversal of temporary differences	*5(d)*	(2,081)	(2,880)
		(2,081)	**(2,880)**
Tax expense		**(5,353)**	**(3,955)**

(b) Amounts recognised directly in equity

	2018 $'000	2017 $'000
Deferred tax expense on share issue costs recognised directly in equity	568	1,008
Deferred tax expense on derivative financial instruments recognised in equity	47	56
	615	**1,064**

(c) Reconciliation of effective tax rate

	2018 $'000	2017 $'000
Profit before tax	23,735	20,620
Prima facie income tax expense at 30%	(7,120)	(6,186)
Non-deductible expenses	(2,393)	(1,249)
Non-assessable income	516	142
Difference in tax and accounting cost base	(84)	57
Difference in overseas tax rates	68	209
Utilisation of previously unrecognised tax losses	903	19
Recognition of carry forward tax losses	624	-
ACA tax base reset	1,491	749
Deductible expense in equity	449	384
Over provided in prior year	234	416
Derecognition of deferred tax liabilities	-	1,429
Other	(41)	75
Tax expense	**(5,353)**	**(3,955)**
Effective tax rate	23%	19%

The Company and its wholly-owned Australian controlled entities formed a tax consolidated Group at the close of business on 30 June 2016. On formation of the Australian tax consolidated group, an Allocable Cost Amount ('ACA') process was performed. The ACA process reset the tax values of all assets of entities joining the tax consolidated group in proportion to their market value.

5. Income taxes (continued)

The calculations prepared in the prior year were performed on the basis that the carrying amount of assets was a proxy to their market value. A secondary calculation was performed in the current year which was based on the market value of assets. This resulted in an additional step up in the tax base of property, plant and equipment of $816,000.

Plexity Holdings Pty Ltd ('Plexity') was not a wholly-owned entity at the date the tax consolidated group was formed and therefore joined the group at a later date. The ACA process for Plexity performed during the year provided a step up in the tax cost base of property, plant and equipment. This has unwound a portion of the deferred tax liability recognised for timing differences between tax and accounting depreciation by $675,000.

5. Income taxes (continued)

(d) Movement in deferred tax balances

For the year ended 30 June 2018

	Balance at 30 June 2017						Balance at 30 June 2018		
	Deferred tax assets $'000	Deferred tax liabilities $'000	Total $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Acquired in business combinations $'000	Total $'000	Deferred tax assets $'000	Deferred tax liabilities $'000
Property, plant and equipment	16	(1,244)	(1,228)	(72)	-	-	(1,300)	117	(1,417)
Intangible assets	38	(7,438)	(7,400)	1,034	-	-	(6,366)	-	(6,366)
Employee benefits	920	-	920	63	-	-	983	983	-
Provisions	3,113	-	3,113	318	-	-	3,431	3,464	(33)
Prepayments	-	(63)	(63)	63	-	-	-	-	-
IPO costs and share issue costs	1,173	-	1,173	(81)	(440)	-	652	652	-
Carry forward losses	236	-	236	760	-	-	996	996	-
Interest rate swap	56	-	56	-	(9)	-	47	47	-
Other	4	-	4	(4)	-	-	-	-	-
Net tax asset / (liability)	**5,556**	**(8,745)**	**(3,189)**	**2,081**	**(449)**	**-**	**(1,557)**	**6,259**	**(7,816)**

The Group has no carry forward tax losses whereby a deferred tax asset has not been recorded due to the recognition criteria not being satisfied (2017: $639,000).

5. Income taxes (continued)

For the year ended 30 June 2017

	Balance at 30 June 2016						Balance at 30 June 2017		
	Deferred tax assets $'000	Deferred tax liabilities $'000	Total $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Acquired in business combinations $'000	Total $'000	Deferred tax assets $'000	Deferred tax liabilities $'000
Property, plant and equipment	8	(1,052)	(1,044)	(184)	-	-	(1,228)	16	(1,244)
Intangible assets	74	(7,819)	(7,745)	1,961	-	(1,616)	(7,400)	38	(7,438)
Employee benefits	355	(12)	343	463	-	114	920	920	-
Provisions	1,533	-	1,533	1,304	-	276	3,113	3,113	-
Prepayments	-	(129)	(129)	66	-	-	(63)	-	(63)
IPO costs and share issue costs	1,694	-	1,694	(81)	(440)	-	1,173	1,173	-
Carry forward losses	903	-	903	(667)	-	-	236	236	-
Interest rate swap	-	-	-	-	56	-	56	56	-
Other	2	(16)	(14)	18	-	-	4	4	-
Net tax asset / (liability)	**4,569**	**(9,028)**	**(4,459)**	**2,880**	**(384)**	**(1,226)**	**(3,189)**	**5,556**	**(8,745)**

5. Income taxes (continued)

Accounting policy for income taxes

The income tax expense for the year comprises current income tax expense and deferred tax expense. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax expense charged to profit or loss is the tax payable on taxable income, using tax rates enacted or substantially enacted at balance date, and any adjustments to tax payable in respect of previous years.

Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Tax consolidation regime

The Company and its wholly-owned Australian entities formed a tax consolidated Group at the close of business on 30 June 2016.

The deferred tax balances recognised by the parent entity and the Group in relation to wholly-owned entities joining the tax consolidated Group were 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.

The Company, 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.

The controlled entities in the tax consolidated Group account for their own deferred tax balances, except for those relating to tax losses.

6. Trade and other receivables

	2018 $'000	2017 $'000
Trade and other receivables	36,237	30,864
Less: Provision for doubtful receivables	(264)	(235)
	35,973	**30,629**

Accounting policy for trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the 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 profit or loss and comprehensive income.

7. Assets and liabilities held for sale

In June 2018, the Board committed to a plan to sell a majority of its shareholding in World Sports and Entertainment Holdings Pty Ltd ('Sportsmate') and Rpple Media Pty Ltd. Accordingly, the assets and liabilities of this disposal group are classified as held for sale at 30 June 2018.

The remaining shareholding in Sportsmate was acquired on 6 June 2018 with a view to its subsequent disposal and therefore was immediately classified as held for sale at the date of acquisition.

The major classes of assets and liabilities of operations classified as held for sale are as follows:

	2018 $'000	2017 $'000
Cash at bank	88	-
Trade and other receivables	390	-
Other assets	41	-
Property, plant and equipment	28	-
Intangible assets and goodwill	7,562	-
Total assets held for sale	**8,109**	**-**
Trade and other payables	222	-
Deferred revenue	200	-
Provisions	98	-
Other liabilities	260	-
Total liabilities held for sale	**780**	**-**

The assets of the disposal group are measured at the lower of their carrying amount and fair value less costs to sell. The businesses were acquired during the year and therefore there have been no reclassifications of the goodwill, intangible assets and property, plant and equipment balances.

7. Assets and liabilities held for sale (continued)

Accounting policy for assets and liabilities held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

8. Other assets

	2018 $'000	2017 $'000
Loan receivable from third parties	25,931	1,902
Prepayments	6,532	2,543
Accrued income	4,378	564
Sundry receivables	3,116	3,858
Deposits	350	1,099
Loans receivable from associates	134	882
Other	122	556
Security deposits	5	1,057
	40,568	**12,461**

Included within the loan receivable from third parties are loans of $25,631,000 (2017: $1,902,000) to an international sports business that provides digital screens, software and technology to sporting codes and clubs. The loans are secured against certain key assets of the business and have been provided to enable expansion into complementary assets which is expected to provide the Group with further opportunities within the Sport business.

Subsequent to year end, the Group reached an agreement in principle to acquire the majority interest in these international sport businesses. On completion of this transaction the loan receivable will convert to equity. Refer to note 26 subsequent events for further details.

Included within deposits at 30 June 2018 is a deposit paid for $350,000 to acquire a 51% ownership interest in Gomeeki Operations Pty Ltd. This acquisition was completed on 2 July 2018.

9. Property, plant and equipment

(a) Reconciliation of carrying amount

	Note	Land and buildings $'000	Plant and equipment $'000	Fixtures and fittings $'000	Under con-struction $'000	Total $'000
Cost						
Balance at 1 July 2016		5,576	51,581	611	2,501	60,269
Acquisitions through business combinations		-	4,568	329	-	4,897
Additions		326	15,333	314	10,359	26,332
Transfers from Intangible assets	*10*	-	-	-	158	158
Transfers		-	9,974	30	(10,004)	-
Effect of movements in exchange rates		-	(48)	-	(4)	(52)
Disposals		-	(1,935)	(29)	(13)	(1,977)
Balance at 30 June 2017		**5,902**	**79,473**	**1,255**	**2,997**	**89,627**
Accumulated depreciation						
Balance at 1 July 2016		(72)	(3,982)	(72)	-	(4,126)
Depreciation		(71)	(6,436)	(254)	-	(6,761)
Effect of movements in exchange rates		-	24	-	-	24
Disposals		-	1,063	5	-	1,068
Balance at 30 June 2017		**(143)**	**(9,331)**	**(321)**	**-**	**(9,795)**
Carrying amounts at 30 June 2017		**5,759**	**70,142**	**934**	**2,997**	**79,832**

	Land and buildings $'000	Plant and equipment $'000	Fixtures and fittings $'000	Under con-struction $'000	Total $'000
Cost					
Balance at 1 July 2017	5,902	79,473	1,255	2,997	89,627
Acquisitions through business combinations	-	3	-	-	3
Additions	-	19,516	26	936	20,478
Transfers	-	503	41	(544)	-
Effect of movements in exchange rates	-	(942)	(8)	(25)	(975)
Disposals	-	(299)	-	(93)	(392)
Balance at 30 June 2018	**5,902**	**98,254**	**1,314**	**3,271**	**108,741**
Accumulated depreciation					
Balance at 1 July 2017	(143)	(9,331)	(321)	-	(9,795)
Depreciation	(103)	(7,896)	(293)	-	(8,292)
Effect of movements in exchange rates	-	244	2	-	246
Disposals	-	203	-	-	203
Balance at 30 June 2018	**(246)**	**(16,780)**	**(612)**	**-**	**(17,638)**
Carrying amounts at 30 June 2018	**5,656**	**81,474**	**702**	**3,271**	**91,103**

(b) Leased plant and machinery

The Company leases production and printing equipment under a number of finance leases which are recorded in the statement of financial position.

As at 30 June 2018, the net carrying amount of secured leased equipment was $2,413,000 (2017: $1,614,000).

9. Property, plant and equipment (continued)

(c) Property, plant and equipment under construction

As new static and digital billboard sites are developed, the costs to construct (including permits, physical structures and LED panels) are capitalised. Structures are depreciated when installed and ready for use.

(d) Capitalised salary costs

Certain salary costs in relation to the Commercial and Development team that are directly responsible for bringing the assets into a condition necessary for use, are capitalised as part of the cost of property, plant and equipment.

Accounting policy for property, plant and equipment

Plant and equipment are measured on the historical cost basis and therefore carried at historical cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

Digital structures	20 years
Digital screens	12 years
Static billboards	20 years
Machinery and equipment	12 years
Office equipment	4-5 years
Leasehold improvements	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

10. Intangible assets and goodwill

(a) Reconciliation of carrying amount

	Note	Goodwill $'000	Site Leases $'000	Development costs $'000	Other $'000	Total $'000
Cost						
Balance 1 July 2016		90,932	46,326	158	684	138,100
Acquisitions through business combinations		26,347	5,388	-	-	31,735
Provisional acquisitions adjustments		(6)	-	-	-	(6)
Additions		-	26,121	-	2,557	28,678
Transfers to Property, plant and equipment	*9*	-	-	(158)	-	(158)
Effect of movements in exchange rates		(138)	(393)	-	3	(528)
Balance at 30 June 2017		**117,135**	**77,442**	**-**	**3,244**	**197,821**
Accumulated amortisation						
Balance 1 July 2016		-	(3,964)	-	(225)	(4,189)
Amortisation		-	(5,652)	-	(246)	(5,898)
Effect of movements in exchange rates		-	105	-	(1)	104
Balance at 30 June 2017		**-**	**(9,511)**	**-**	**(472)**	**(9,983)**
Carrying amount at 30 June 2017		**117,135**	**67,931**	**-**	**2,772**	**187,838**

	Goodwill $'000	Site Leases $'000	Development costs $'000	Other $'000	Total $'000
Cost					
Balance 1 July 2017	117,135	77,442	-	3,244	197,821
Acquisitions through business combinations	2,054	-	-	-	2,054
Provisional acquisitions adjustments	3,208	-	-	-	3,208
Additions	-	40,380	-	6,667	47,047
Disposals	-	-	-	(135)	(135)
Effect of movements in exchange rates	(1,302)	(734)	-	(54)	(2,090)
Balance at 30 June 2018	**121,095**	**117,088**	**-**	**9,722**	**247,905**
Accumulated amortisation					
Balance 1 July 2017	-	(9,511)	-	(472)	(9,983)
Amortisation	-	(8,146)	-	(1,446)	(9,592)
Effect of movements in exchange rates	-	176	-	26	202
Balance at 30 June 2018	**-**	**(17,481)**	**-**	**(1,892)**	**(19,373)**
Carrying amount at 30 June 2018	**121,095**	**99,607**	**-**	**7,830**	**228,532**

(b) Impairment testing

The Group has three cash generating units ('CGUs'). The carrying amounts of goodwill and indefinite life intangible assets (site leases) identified in each CGU are as follows:

	Goodwill 2018	Site Leases 2018	Goodwill 2017	Site Leases 2017
	$'000	$'000	$'000	$'000
Australia	86,426	87,521	82,642	52,351
New Zealand	32,513	8,966	32,273	10,759
Other	2,156	3,120	2,220	4,821
	121,095	**99,607**	**117,135**	**67,931**

10. Intangible assets and goodwill (continued)

The carrying value of all CGUs are supported by their recoverable amount and accordingly no impairment has been recorded at 30 June 2018 (2017: Nil). The recoverable amount of the CGUs and associated goodwill and intangible assets were determined with reference to the value in use valuation approach.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the business.

The cash flow forecasts are based on the Board approved forecasts for the next twelve months with an EBITDA growth factor applied to the remaining five-year forecast period. After this time the forecast period is extrapolated into perpetuity with a rate consistent with the long-term average growth rate appropriate to each CGU.

The key assumptions adopted in the impairment model of each CGU are as follows:

	Australia 2018	New Zealand 2018	Other 2018	Australia 2017	New Zealand 2017	Other 2017
EBITDA growth rate	4.7% - 6.4%	3.7% - 5.4%	2%*	4.5% - 6.5%	3.5% - 5.5%	4.2% - 4.9%
Terminal growth rate	3.0%	2.5%	2.5%	3.0%	3.0%	3.0%
Discount rate (post tax)	10.5%	11.0%	11.5%	11.0%	11.5%	12.0%

*An EBITDA growth factor was not applied to the remaining forecast period for the other CGU. Instead, an occupancy rate increase of 2% has been applied to the remaining five year forecast period. This approach is more reflective of the profile of the business.

The above assumptions were determined using a combination of internal and external sources of information and represent managements best estimate of future trends in the media industry.

The EBITDA growth rates were determined with reference to external analyst reports, cross referenced with internal management data, and represent the expected growth rate for each year in the five-year forecast period. The growth rates are consistent with prior year and have been driven from consecutive years of reported growth in the Out-of-Home industry.

There is sufficient headroom available in all CGUs and therefore there are no reasonable changes to assumptions which are likely to cause an impairment.

Accounting policy for intangible assets and goodwill

(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 the purpose of impairment testing. Each of these cash-generating units represents the Group's investment in each business segment.

(ii) Other Intangibles

Other intangible assets represent the rights associated with acquired leases and the associated new business revenue streams. These other intangible assets are being amortised over the remaining term of the acquired leases (ranging from 8-20 years).

11. Equity accounted investments

The Group's share of losses in equity accounted investments is detailed below:

	2018 $'000	2017 $'000
Live Docklands Pty Ltd ('Live Docklands')	(628)	-
World Sports and Entertainment Holdings Pty Ltd ('Sportsmate')	(135)	(104)
	(763)	**(104)**

On 27 March 2018, the Group acquired the remaining 50% shareholding in Live Docklands. Accordingly, on this date equity accounting ceased and Live Docklands became a wholly owned subsidiary which is consolidated into the Group's results.

On 6 June 2018, the Group obtained control over Sportsmate through successive share purchases. From this date, the results of Sportsmate were consolidated into the Group's results and equity accounting ceased. Refer to note 20 Business Combinations for further details.

12. Capital and reserves

(a) Share Capital

	No. Ordinary Shares '000	Value $'000
On issue at 1 July 2017	320,969	183,637
Dividend Reinvestment Plan (DRP)	4,823	4,553
Share issue costs	-	(517)
Deferred tax expense	-	(440)
On issue at 30 June 2018	**325,792**	**187,233**

Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company. In the event of the winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

(b) Reserves

	2018 $'000	2017 $'000
Share based payments reserve	922	480
Translation reserve	261	1,870
Available-for-sale reserve	25	5
Cash flow hedge reserve, net of tax	(111)	(131)
Merger reserve	(6,098)	(4,486)
	(5,001)	**(2,262)**

12. Capital and reserves (continued)

Nature and purpose of reserves

(i) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations.

(ii) Merger reserve

	2018 $'000	2017 $'000
Digital Outdoor Media (Aust) Pty Ltd	(144)	(144)
Live Docklands Pty Ltd	1,612	-
Riverview Signage Trust	4,630	4,630
	6,098	**4,486**

The amounts recorded for Digital Outdoor Media (Aust) Pty Ltd and Riverview Signage Trust relate to common control transactions. Where the Company acquires an entity that is classified as a common control transaction, the Company has made an accounting policy choice to recognise the assets acquired and liabilities assumed using carrying values, with an adjustment made to a separate component of equity (the merger reserve) to reflect any difference between the consideration paid and the capital of the acquiree.

The amount recorded for Live Docklands Pty Ltd relates to the Group's acquisition of the remaining 50% shareholding held in this entity. No consideration was transferred and the fair value of the acquisition was deemed to be nil. Therefore, no goodwill has been recognised due to the recognition criteria not being satisfied. Instead, the impact of the net liabilities acquired was recognised in the merger reserve.

(iii) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedge transactions that have not yet occurred.

(iv) Share based payments reserve

The share based payments reserve records the fair value of performance rights granted to senior executives under the Group's Long Term Incentive plan. The current balance reflects the fair value of unvested rights which may be transferred to contributed equity when the rights are exercised.

(c) Non-controlling interests (NCI)

	2018 $'000	2017 $'000
Balance at 1 July	2,843	(177)
Share of operating profit after income tax	303	520
Acquisition of Elwood Outdoor Advertising Pty Ltd	(2,500)	2,500
Balance at 30 June	**646**	**2,843**

During the year, the Group acquired the remaining 49% shareholding in Elwood Outdoor Advertising Pty Ltd ('Elwood') by exercising its call option. Elwood holds the rights to advertise through a landmark digital billboard which was constructed post acquisition. This acquisition did not contain all of the required elements to meet the definition of a business combination under AASB 3 *Business Combinations* and accordingly has been treated as an asset acquisition. The Group has control over Elwood and accordingly it is consolidated into the Group's results. The call option was previously treated as a non-controlling interest which was external to the Group.

12. Capital and reserves (continued)

(d) Dividends

On 31 August 2018, the Board recommended the payment of a final, fully franked dividend of 1.2 cents per share ($3,909,496). Proposed dividends on ordinary shares are not recognised as a liability as at 30 June 2018.

The ability to utilise the 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 Australian tax consolidated group has assumed the benefit of $4,789,000 (2017: $3,583,000) franking credits.

Dividend franking account	2018 $'000	2017 $'000
Amount of franking credits available to shareholders for subsequent years	6,235	3,740

13. Share based payments

The Company has a Long Term Incentive ('LTI') Plan whereby Key Management Personnel and other selected senior executives are granted performance rights.

Under the Plan, eligible participants are granted performance rights for nil consideration, subject to the satisfaction of vesting conditions over a three-year period. Each performance right is an entitlement to the value of a QMS Media Limited ordinary share, which the Board may determine to settle in shares and/or cash.

The performance rights granted are based on two equally weighted tranches. The first tranche is based on an indexed Total Shareholder Return ('TSR') vesting condition and the second tranche is based on an Earnings per Share ('EPS') vesting condition.

The TSR performance conditions are measured against a comparator group of companies of a similar size that are considered to be an alternative investment for investors. TSR is a measure of return to shareholders provided through share price appreciation, plus reinvested dividends, expressed as a percentage of investment.

The compound average EPS growth range reflects the Board's view of a reasonable long-term target, taking into account the industry in which the Company competes, competitor performance, market share, operational performance and expected level of reinvestment of earnings in the business. EPS is calculated using NPAT and the number of ordinary shares on issue.

The fair value of performance rights was calculated by an independent expert at grant date based on a Black Scholes Option Pricing Model. The fair value is recognised on a straight line basis over the three year vesting period. The assumptions and fair value of the performance rights are detailed as follows:

Assumptions and fair value of performance rights	FY18 grant	FY17 grant
Grant date	29 June 2018	29 June 2017
Measurement period commencement date	1 July 2017	1 July 2016
Vesting date	30 June 2020	30 June 2019
Fair value at grant date	$1.041	$1.114
Share price at grant date	$1.085	$1.160
Expected volatility	14.26%	16.46%
Vesting period	3 years	3 years
Expected value of dividends over the period	$0.044	$0.046
Risk-free interest rate	2.600%	2.511%

13. Share based payments (continued)

A share based payment expense of $442,000 has been recorded for the year ended 30 June 2018, with a corresponding increase to equity (2017: $480,000).

The movement in the number of performance rights granted to employees during the year is as follows:

	2018 Rights granted No.	2017 Rights granted No.
1 July	1,429,780	-
Granted	1,593,406	1,429,780
30 June	**3,023,186**	**1,429,780**

The performance rights outlined in the above table reflect the on-target number of shares granted, and consist of two equally weighted tranches, being TSR and EPS. The performance rights granted to Executive Directors are subject to approval at the Company's Annual General Meeting.

Accounting policy for share based payments

The fair value of performance rights granted is recognised in profit or loss, with a corresponding increase in equity. The fair value is measured at grant date and expensed over the vesting period during which the employee becomes unconditionally entitled to the performance rights. The fair value of the performance rights is measured using a Black Scholes Option Pricing Model, taking into account the terms and conditions upon which the performance rights were granted.

The performance rights granted are based on two equally weighted tranches. The first tranche is based on an indexed Total Shareholder Return ('TSR') vesting condition and the second tranche is based on an Earnings per Share ('EPS') vesting condition.

TSR is a market based vesting condition whereby the fair value measured at grant date reflects the probability of satisfying the market condition. The expense is recognised on a straight line basis over the vesting period. Market based conditions are not adjusted to reflect differences between expected and actual outcomes.

EPS is a non-market vesting condition whereby an estimate is made at each reporting date to reflect the number of equity instruments for which service and non-market performance conditions are expected to be satisfied. This expense is recognised on a straight line basis over the three year vesting period.

14. Capital management

The Group's operations during the year were funded from cash generated from operating activities, the issue of a senior unsecured note and the utilisation of the Group's loan facility.

On 14 November 2017, the Group executed a senior unsecured note to eligible professional and sophisticated investors. A total of $70.0 million, five year senior unsecured notes were issued, at a fixed coupon of 7.00% per annum. There was strong investor demand for the transaction, demonstrating confidence in the Group's performance and growth strategy, which led to the transaction being upsized from $50.0 million to $70.0 million. The transaction diversifies the Group's debt funding sources, provides additional tenor to the Group's debt maturity profile and provides further flexibility to fund future growth.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business and maximise value to shareholders. Management monitors the return on capital on an ongoing basis, as well as the level of dividends to ordinary shareholders.

The Board of Directors 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 sound capital position.

15. Loans and borrowings

	2018 $'000	2017 $'000
Current liabilities		
Bank loans and borrowings	428	346
Finance lease liabilities	899	819
	1,327	**1,165**
Non-current liabilities		
Bank loans and borrowings	62,600	55,207
Finance lease liabilities	634	787
Corporate Bond	70,000	-
Unamortised borrowing costs	(1,232)	-
	132,002	**55,994**
Total loans and borrowings	**133,329**	**57,159**

On 14 November 2017, the Group executed a senior unsecured note to eligible professional and sophisticated investors. A total of $70.0 million, five year senior unsecured notes were issued, at a fixed coupon of 7.00% per annum.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2018 Carrying amount $'000	2017 Carrying amount $'000
Borrowing					
Credit cards	AUD/NZD	-	2018	156	124
NAB facility	AUD	3.41% - 3.78%	2019	62,000	54,500
Corporate Bond	AUD	7.00%	2022	68,768	-
Kiwibank loans	NZD	6.15%	2021-2022	872	929
Finance lease liabilities	AUD/NZD	Various	Various	1,533	1,606
Total interest-bearing liabilities				**133,329**	**57,159**

(b) Finance lease liabilities

Finance lease liabilities minimum lease payments ('MLP's) are payable as follows:

	Future MLP's 2018 $'000	Interest 2018 $'000	PV of MLP's 2018 $'000	Future MLP's 2017 $'000	Interest 2017 $'000	PV of MLP's 2017 $'000
Less than one year	941	42	899	863	44	819
Between one and five years	721	87	634	808	21	787
	1,662	**129**	**1,533**	**1,671**	**65**	**1,606**

15. Loans and borrowings (continued)

Accounting policy for borrowings

Borrowings are initially recognised at fair value and 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 removed from the statement of financial position 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.

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.

16. Deferred and contingent consideration

	Note	2018 Carrying amount $'000	2017 Carrying amount $'000
Current deferred and contingent consideration			
Drive by Developments Pty Ltd		5,400	2,000
Victorian Rail Track Corporation		3,030	-
World Sports and Entertainment Holdings Pty Ltd ('Sportsmate')	*20*	2,998	-
Shout Outdoor Pty Ltd		1,500	1,100
Apex Outdoor Pty Ltd		1,024	170
Total Outdoor Media 2 Pty Ltd		669	-
Australian Billboard Company Pty Ltd		-	1,987
Total Outdoor Media Pty Ltd		-	1,181
Skyline Digital Pty Ltd		-	879
Vail Media Pty Ltd		-	600
		14,621	**7,917**
Non-current deferred and contingent consideration			
QMS Sport Pty Ltd (formerly Out & About Marketing and Media Pty Ltd)		5,916	6,175
Apex Outdoor Pty Ltd		1,373	1,342
Digital Commons Limited		375	-
Digital Commons Australia Pty Ltd		312	-
		7,976	**7,517**
Total deferred and contingent consideration		**22,597**	**15,434**

Consideration payable to Drive by Developments, Shout Outdoor, Apex Outdoor and Total Outdoor Media 2 relates to the acquisition of individual site leases.

Consideration payable to Victoria Rail Track Corporation ('VicTrack') relates to a contract extension granted for exclusive advertising rights under the VicTrack concession agreement.

The remaining deferred and contingent consideration relates to the acquisitions of subsidiaries.

17. Provisions

	Straight line leasing $'000	Make good $'000	Employee entitlements $'000	Total $'000
Balance at 1 July 2016	3,576	2,124	1,668	7,368
Assumed in a business combination	216	455	428	1,099
Provisions released during the year	(188)	(481)	(1,291)	(1,960)
Provisions made during the year	1,406	143	1,645	3,194
Balance at 30 June 2017	**5,010**	**2,241**	**2,450**	**9,701**
Current	-	-	2,270	2,270
Non-current	5,010	2,241	180	7,431
	5,010	**2,241**	**2,450**	**9,701**

	Straight line leasing $'000	Make good $'000	Employee entitlements $'000	Total $'000
Balance at 1 July 2017	5,010	2,241	2,450	9,701
Provisional acquisition adjustments	(143)	-	-	(143)
Effect of movements in exchange rates	(6)	(9)	(13)	(28)
Provisions released during the year	(78)	(12)	(1,887)	(1,977)
Provisions made during the year	1,820	-	2,115	3,935
Balance at 30 June 2018	**6,603**	**2,220**	**2,665**	**11,488**
Current	-	-	2,413	2,413
Non-current	6,603	2,220	252	9,075
	6,603	**2,220**	**2,665**	**11,488**

Accounting policy for provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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.

A provision for straight line leasing is recognised for the difference between the 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. This ensures that the rent expense recorded is consistent throughout the term of the lease. The provision is fully unwound at the end of the lease period.

Employee entitlements:

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

17. Provisions (continued)

(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.

(iii) 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.

(iv) Superannuation

The Group contributes superannuation benefits to numerous, but solely accumulation-type personal and award-based superannuation funds at a percentage of salary pursuant to employee contracts and statutory obligations.

(v) Employee benefit on-costs

On-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

18. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The following table details the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

The different levels of the fair value hierarchy have been defined as follows:

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

18. Financial instruments – fair values and risk management (continued)

	Note	Carrying amount $'000	2018 Fair value				
			Fair value $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale financial asset		84	84	84	-	-	84
Interest rate swap		(158)	(158)	-	(158)	-	(158)
Deferred and contingent consideration	*16*	(22,597)	(25,315)	-	(17,016)	(8,299)	(25,315)
		(22,671)	**(25,389)**	**84**	**(17,174)**	**(8,299)**	**(25,389)**

	Note	Carrying amount $'000	2017 Fair value				
			Fair value $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale financial asset		64	64	64	-	-	64
Interest rate swap		(187)	(187)	-	(187)	-	(187)
Deferred and contingent consideration	*16*	(15,434)	(18,811)	-	(10,352)	(8,459)	(18,811)
		(15,557)	**(18,934)**	**64**	**(10,539)**	**(8,459)**	**(18,934)**

(b) Measurement of fair values

(i) Valuation technique

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Deferred consideration	Where the Group has obligations to pay specified amounts at future dates, the deferred consideration is measured at present value using a risk-adjusted discount rate, with the unwinding of any interest element recognised in profit or loss.	Risk-adjusted discount rate (13.5%)	The estimated deferred consideration would increase/decrease if the risk adjusted discount rate is higher or lower.
Contingent consideration	Discounted cash flow based on a valuation model that considers the present value of the expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by estimating the expected earnings based on the calculation stipulated in the purchase agreements. This estimation is judgemental and is determined by management with reference to past performance and current budget plans.	Risk-adjusted discount rate (13.5%), forecast earnings	The estimated contingent consideration would increase/decrease if the risk adjusted discount rate or forecast earnings is higher or lower.
Interest rate swap	The fair value of interest rate swaps is based on bank quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of the contract using market interest rates for a similar instrument at the measurement date.	Bank quotes, market interest rates	The estimated fair value would increase/decrease if the interest rate is higher or lower.

18. Financial instruments – fair values and risk management (continued)

(c) Financial risk management

(i) Risk management framework

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 Board and Audit and Risk Management Committee is provided with the authority to manage any identified material risks.

(ii) Credit risk

Credit risk is managed on a Group wide basis. Credit risk arises from cash and cash equivalents, deposits with banks and exposures to agencies and direct clients, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk. Ongoing customer credit performance is monitored on a regular basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 30 June 2018 was:

	2018 $'000	2017 $'000
Cash and cash equivalents	22,654	11,375
Trade and other receivables	36,237	30,864
Total	**58,891**	**42,239**

Impairment

At year end, the ageing of trade and other receivables that were not impaired was as follows:

	2018 $'000	2017 $'000
Current	28,459	22,607
Due 1 - 30 days	2,623	4,467
Due 31 - 60 days	3,999	1,599
Due 61 - 90 days	236	599
Due 91+ days	656	1,357
Total	**35,973**	**30,629**

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

	2018 $'000	2017 $'000
Balance at 1 July	(235)	(159)
Amounts provided for	(88)	-
Provision for doubtful debtor recovered	59	49
Amounts written off	-	110
Acquired through business combinations	-	(235)
Balance at 30 June	**(264)**	**(235)**

18. Financial instruments – fair values and risk management (continued)

Other than those receivables specifically considered in the above allowance for doubtful debts, the Group does not consider there to be a material credit quality issue with the remaining trade receivables balance.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows.

Exposure to liquidity risk

The following table details the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

			2018 Contractual cash outflows		
	Note	Carrying amount $'000	Total $'000	Less than 12 months $'000	1-5 years $'000
Non-derivative financial liabilities					
Deferred and contingent consideration	*16*	(22,597)	(25,315)	(14,621)	(10,694)
Bank loans and borrowings	*15*	(63,028)	(63,028)	(428)	(62,600)
Corporate Bond	*15*	(68,768)	(70,000)	-	(70,000)
Interest rate swap		(158)	(158)	-	(158)
Finance lease liabilities	*15*	(1,533)	(1,533)	(899)	(634)
Trade payables		(18,856)	(18,856)	(18,856)	-
		(174,940)	**(178,890)**	**(34,804)**	**(144,086)**

			2017 Contractual cash outflows		
	Note	Carrying amount $'000	Total $'000	Less than 12 months $000	1-5 years $000
Non-derivative financial liabilities					
Deferred and contingent consideration	*16*	(15,434)	(18,641)	(7,930)	(10,711)
Bank loans and borrowings	*15*	(55,553)	(55,553)	(346)	(55,207)
Interest rate swap		(187)	(187)	-	(187)
Finance lease liabilities	*15*	(1,606)	(1,606)	(819)	(787)
Trade payables		(15,316)	(15,316)	(15,316)	-
		(88,096)	**(91,303)**	**(24,411)**	**(66,892)**

The Group's liquidity is dependent upon the Group managing its cash outflows and financing obligations as it continues to expand its operations and therefore liquidity is an area of risk. The Group has obligations to pay further acquisition consideration as disclosed above and in note 16 and plans to invest further capital into its asset network as part of its growth strategy.

Financing arrangements are in place that are subject to covenant requirements. As at the date of signing the Financial Statements, the Group had met its covenant requirements and the forecast cash flows indicate the Group has sufficient liquidity to undertake its strategic capital expenditures. The Group expects to fund part of its capital expenditure from cash flow from operations, and should cash flows from operations not be sufficient, discretionary capital expenditure may be deferred to manage the Group's liquidity profile.

18. Financial instruments – fair values and risk management (continued)

The interest payments on variable interest rate loans in the table above reflect the interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration may be different from the amount in the above table as interest rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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.

Currency risk

The Group operates internationally and is exposed to foreign exchange transaction risks arising from currency exposures, primarily with respect to the Indonesian Rupiah and 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 Group has foreign currency exposure to movements in the AUD/NZD and AUD/IDR exchange rates in consolidating the NZD and IDR net assets of its subsidiaries in those countries at each reporting date. The Australian Accounting Standards require that such movements be recorded to the Group's Foreign Currency Translation Reserve ('FCTR') within equity. The FCTR balance at 30 June 2018 is $261,000 (2017: $1,870,000).

No hedging of this exposure is currently undertaken because both operations are core to the Group's business and are not expected to be disposed of and therefore the balance in the FCTR is not expected to be realised within the foreseeable future.

Interest rate risk

Borrowings at variable interest rates expose the Group to cash flow interest rate risk. The Group's banking facility with the National Australia Bank is at a floating rate. The Group has managed its exposure to interest rate variability by entering into a pay-fixed receive-variable interest rate swap for a portion of this debt facility.

The carrying amount of financial assets and liabilities with exposure to interest rate risk is as follows:

	2018 $'000	2017 $'000
Cash and cash equivalents	22,654	11,375
Bank loans and borrowings	(64,355)	(57,159)
Net debt	**(41,701)**	**(45,784)**

Interest rate sensitivity analysis

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.

	2018 Profit or loss	2018 Equity (net of tax)	2017 Profit or loss	2017 Equity (net of tax)
Loans and borrowings	(420)	(420)	(362)	(362)

18. Financial instruments – fair values and risk management (continued)

Accounting policy for financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

The Group classifies its 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.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) 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 statement of financial position.

(iii) Recognition and derecognition

'Regular-way' 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.

(iv) 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 and held-to-maturity Investments are subsequently carried at amortised cost using the effective interest method.

Accounting policy for derivative financial instruments

The Group uses derivative financial instruments to hedge a portion of its interest rate exposure arising from the floating rate debt facility held. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value through profit or loss.

The fair value of the derivative financial instrument is the estimated amount the Group would receive or pay to transfer the instrument at reporting date, taking into account current market conditions and the current credit worthiness of counterparties.

The Group has elected to apply hedge accounting whereby the effective portion of changes in the fair value of the derivative are recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the cash flow hedge reserve are recycled to profit or loss in the period in which the hedged item affects profit or loss. If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, hedge accounting is discontinued. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

19. List of subsidiaries and equity accounted investments

Set out below is a list of subsidiaries and equity accounted investments of the Group.

Controlled Subsidiaries	Principal place of business	Ownership interest 2018	Ownership interest 2017
MMTB Pty Ltd	Australia	100%	100%
MMT Land Pty Ltd	Australia	100%	100%
Omnigraphics Australia Pty Ltd	Australia	100%	100%
QMS Australia Pty Ltd	Australia	100%	100%
QMS Rail Media Pty Ltd	Australia	100%	100%
QMS Australian Holdings Pty Ltd	Australia	100%	100%
Q Media Pty Ltd	Australia	100%	100%
Standout Media Pty Ltd	Australia	100%	100%
QMS Insite Media Pte Ltd	Singapore	100%	100%
PT INsite Media	Indonesia	51%	51%
The Digital Outdoor Group Pty Ltd	Australia	50%	50%
Digital Outdoor Media (Aust) Pty Ltd	Australia	100%	100%
Digital Outdoor Media (NSW) Pty Ltd	Australia	100%	100%
Digital Outdoor Media (QLD) Pty Ltd	Australia	100%	100%
Digital Outdoor Media (VIC) Pty Ltd	Australia	100%	100%
Digital Outdoor Media (WA) Pty Ltd	Australia	100%	100%
Riverview Signage Trust	Australia	100%	100%
Riverview Signage Pty Ltd	Australia	100%	100%
QMS NZ Holdings Limited	New Zealand	100%	75%
QMS NZ Retail Limited	New Zealand	100%	75%
Paramount Outdoor Pty Ltd	Australia	100%	100%
Plexity Holdings Pty Ltd	Australia	100%	100%
BMG Australasia Pty Ltd	Australia	95%	95%
Transport Media Services Limited	New Zealand	75%	75%
iSite Limited	New Zealand	100%	100%
Omnigraphics Limited	New Zealand	49%	37%
QMS NZ Limited	New Zealand	100%	100%
Australian Billboard Company Pty Ltd	Australia	100%	81%
Elwood Outdoor Advertising Pty Ltd	Australia	100%	51%
Skyline Digital Pty Ltd	Australia	100%	100%
Octopus Property Pty Ltd	Australia	100%	100%
QMS Sport Pty Ltd (formerly Out & About Marketing and Media Pty Ltd)	Australia	80%	80%
QMS Sport NZ Limited (formerly OAMM NZ Limited)	New Zealand	80%	80%
Rpple Media Pty Ltd	Australia	51%	-
Digital Commons Limited	New Zealand	60%	-
Digital Commons Australia Pty Ltd	Australia	60%	-
Live Docklands Pty Ltd*	Australia	100%	50%
World Sports and Entertainment Holdings Pty Ltd*	Australia	33%	20%
Sportsmate Technologies Pty Ltd*	Australia	33%	20%
World Sports and Entertainment Technologies Pty Ltd*	Australia	33%	20%

19. List of subsidiaries and equity accounted investments (continued)

Equity-accounted Investments	Principal place of business	Ownership interest 2018	Ownership interest 2017
Titan Media Group NZ Pty Ltd	New Zealand	50%	38%
City On Limited	New Zealand	40%	40%
Stadium Graphics Limited	New Zealand	40%	-
Rugby Services Limited	New Zealand	27%	27%
Live Docklands Pty Ltd*	Australia	-	50%
World Sports and Entertainment Holdings Pty Ltd*	Australia	-	20%
Sportsmate Technologies Pty Ltd*	Australia	-	20%
World Sports and Entertainment Technologies Pty Ltd*	Australia	-	20%

*Ceased to be an equity accounted investment during the year ended 30 June 2018 and became a wholly owned subsidiary.

20. Business combinations

(a) World Sports and Entertainment Holdings Pty Ltd ('Sportsmate')

On 6 June 2018, the Group assumed control over Sportsmate through successive share purchases, firstly with the acquisition of a 20% non-controlling interest and then subsequently with the purchase of the remaining shareholding. The final shareholding was legally transferred to the Group on 16 August 2018.

At the date control was obtained, Sportsmate ceased to be an equity accounted investment and became a consolidated subsidiary.

Sportsmate is an independent sports media company which creates and distributes native IOS and Android applications, with a focus on delivering lightning fast sport scores and statistics to sport fans all over the world.

Sportsmate was acquired exclusively with a view to its subsequent disposal and therefore was classified as held for sale on acquisition.

20. Business combinations (continued)

The table below summarises the recognised provisional amounts of assets acquired, and liabilities assumed at acquisition date:

	Note	**$'000**
Cash paid for initial non-controlling interest		1,126
Deposit paid		1,520
Deferred consideration	*16*	2,998
Settlement of pre-existing relationship		560
Total consideration		**6,204**
Cash and cash equivalents		88
Trade and other receivables		390
Other assets		79
Property, plant and equipment		28
Intangible assets and goodwill		2,783
Trade and other payables		(222)
Provisions		(98)
Deferred revenue		(200)
Other liabilities		(260)
Total identifiable net assets acquired		**2,588**
Consideration		6,204
Less: Total identifiable net assets		2,588
Goodwill		**3,616**

The Group has twelve months from acquisition date to finalise the purchase price accounting and therefore these amounts are provisional. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

For the year ended 30 June 2018, Sportsmate contributed $231,000 revenue and $38,000 net loss before tax to the results of the Group.

The Group incurred acquisition related costs for due diligence and legal advice. These expenses have been recognised in the costs associated with acquisitions line item in the statement of profit or loss and other comprehensive income.

(b) Goodwill

Goodwill arising from acquisitions has been recognised as the excess of the consideration paid above the fair value of the assets acquired and liabilities assumed as a part of the business combination.

The goodwill is attributable mainly to the skills and technical talent of the acquired entities' work force, and the synergies expected to be achieved from integrating each Company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

20. Business combinations (continued)

(c) Finalisation of December 2016 QMS Sport Pty Ltd ('QMS Sport') (formerly 'Out & About Marketing and Media Pty Ltd') acquisition purchase price accounting ('PPA')

The Group has twelve months from acquisition date to finalise any PPA adjustments under AASB 3 *Business Combinations*. Therefore, the PPA calculation for the acquisition of QMS Sport Pty Ltd, (formerly Out & About Marketing and Media Pty Ltd), completed in December 2016 has been finalised during the year ended 30 June 2018.

In accordance with AASB 3, during the measurement period the Group has adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of assets and liabilities recognised as at that date.

The new information obtained has revised the intangible assets and goodwill provisional balances recognised in the statement of financial position as follows:

	June 2018 Final $'000	June 2017 Provisional $'000
Goodwill	21,058	17,697

(d) Other acquisitions

The PPA calculation for the Octopus Property Pty Ltd acquisition completed on 22 July 2016 was finalised in the year ended 30 June 2018. There were no changes to the balances disclosed in the 30 June 2017 annual report.

The PPA calculation for the Total Outdoor Media ('TOM') acquisition completed on 6 February 2017 was finalised in the year ended 30 June 2018. There were no changes to the balances disclosed in the 30 June 2017 annual report.

The PPA calculation for the Vail Media ('Vail') acquisition completed on 30 May 2017 was finalised in the year ended 30 June 2018. As a result, the Goodwill balance reduced by $152,000 from the balance disclosed in the 30 June 2017 annual report.

The acquisition of Digital Commons Limited and Digital Commons Australia Pty Ltd completed on 30 November 2017 remains provisional for the year ended 30 June 2018.

21. Operating leases

(i) Future minimum lease payments

At 30 June 2018, the future minimum lease payments under non-cancellable leases were payable as follows:

	2018 Site rent $'000	2018 Other $'000	2018 Total $'000	2017 Site rent $'000	2017 Other $'000	2017 Total $'000
Within one year	20,168	1,845	22,013	21,803	1,716	23,519
Later than one year but not later than five years	82,649	4,233	86,882	78,727	5,542	84,269
Later than five years	102,888	736	103,624	96,736	1,139	97,875
	205,705	**6,814**	**212,519**	**197,266**	**8,397**	**205,663**

(ii) Amounts recognised in profit or loss

	2018 Site rent $'000	2018 Other $'000	2018 Total $'000	2017 Site rent $'000	2017 Other $'000	2017 Total $'000
Lease expense	17,100	2,226	19,326	16,294	2,049	18,343
	17,100	**2,226**	**19,326**	**16,294**	**2,049**	**18,343**

Accounting policy for 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.

(iii) 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 profit or loss on a straight-line basis over the period of the lease.

(iv) Finance leases

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.

22. Other liabilities

	2018 $'000	2017 $'000
Accruals	12,680	8,410
Other liabilities	920	951
	13,600	**9,361**

23. Commitments

As at 30 June 2018, the Group is contracted to purchase property, plant and equipment for $5,261,000 to be incurred in FY19 (2017: $2,091,000).

24. Related parties

(a) Key Management Personnel

The Key Management Personnel ('KMP') of the Company and Group are defined under AASB 124 *Related Party Disclosures* to include Non-Executive Directors, Executive Directors and those persons with authority and responsibility for planning, directing and controlling the activities of the Group during the year. The KMP as at and for the year ended 30 June 2018 are:

- Wayne Stevenson;
- Robert Alexander;
- Anne Parsons;
- Barclay Nettlefold;
- David Edmonds;
- Peter Cargin;
- John O'Neill (from 23 January 2018); and
- Wayne Chapman (from 23 January 2018).

(b) Transactions with Key Management Personnel

Key Management Personnel compensation

Compensation of the Group's KMP includes salaries, non-cash benefits, contributions to complying superannuation funds and short term incentives.

The KMP compensation comprised:

	2018 $	2017 $
Short-term employee benefits	2,647,896	2,010,397
Post-employment benefits	167,968	175,242
Share based payments	142,159	122,532
	2,958,023	**2,308,171**

(c) Other related parties

(i) Other related parties consist of the following:

- Titan Media Group NZ Pty Ltd is an equity-accounted investee of which the Group holds a 50% (2017: 37.5%) economic interest;
- Partington Family Trust; and
- Spear Family Trust.

(ii) The loans relating to other related parties comprised:

Amounts Payable	2018 $'000	2017 $'000
Titan Media Group NZ Pty Ltd	(201)	(209)
Partington Family Trust	(289)	(301)
Spear Family Trust	(287)	(298)
	(777)	**(808)**

During the financial year, interest of $21,000 was payable on the related party loans (2017: $45,000). The loans are not expected to be repaid by 30 June 2019.

25. Contingent liabilities

Manboom Pty Ltd, Manboom Signage Partnership Pty Ltd and Miller Street Partners Pty Ltd (collectively 'Manboom') lodged a claim in the NSW Supreme Court on 13 June 2018 against Q Media Pty Ltd ('Q Media') and QMS APAC Ltd ('QMS APAC') for purported breaches of obligations under a Cooperation Agreement dated 22 July 2014. The claim seeks damages for loss of profits.

Although involved in the same legal proceedings, the Group has no direct or indirect interest in QMS APAC.

Manboom has issued pleadings and Q Media has filed its response to those pleadings (defence pleadings). In addition, Q Media lodged a cross claim on 24 August 2018 seeking damages from Manboom for breaches of the Cooperation Agreement.

The Group considers that at this time it is not possible to reasonably estimate damages that might be payable to Manboom or the damages that might be recoverable from Manboom if the cross claim is successful. The matter has not yet been scheduled for hearing by the NSW Supreme Court.

26. Subsequent events

On 2 July 2018, the Group paid a total of $500,000 to acquire a 51% ownership interest in Gomeeki Operations Pty Ltd. This acquisition was made with a view to its subsequent disposal and therefore was immediately classified as held for sale at the date of acquisition.

On 8 August 2018, the Group announced a strategic investment in Place Capital, a newly established venture capital fund ('Fund') that will invest in Australian technology companies in the global Sports, Media and Entertainment industries. As part of this arrangement, the Group is planning to sell to the Fund its interests in its digital technology investments in World Sports and Entertainment Holdings Pty Ltd ('Sportsmate')[1], Gomeeki Operations Pty Ltd and Rpple Media Pty Ltd for a mix of cash and equity. Completion of the sale of these interests into the Fund is conditional on the Fund completing its planned capital raise.

On 16 August 2018, the Group paid $3.0m to acquire the remaining 67% share capital in World Sports and Entertainment Holdings Pty Ltd ('Sportsmate'). As a result, the Group now owns 100% of shares in Sportsmate and has no outstanding deferred consideration.

On 30 August 2018, the Group announced that it has reached an agreement in principle to acquire the majority interest in TGI Systems Corporation (TGI) and TGI Europe GmbH (TGIE), as it continues to expand its existing sports technology and media rights business.

The key commercial arrangements include a total investment by the Group of approximately $40 million to acquire a 90% stake in TGI and TGIE, both internationally recognised sports media companies providing digital technology solutions across the USA, Europe and South America. Another strategic shareholder will hold 5% of the entities, while existing key management will also retain 5%.

The transaction is subject to approval from the Group's lender and of customary closing conditions and mechanics, including the finalisation of interrelated transactions. In Germany, such transactions also require notarisation in order to be effective. It is expected that the transaction will formally complete in the last quarter of this calendar year. On completion, the loan receivable detailed in note 8 will convert to equity, with the residual payment to be made in cash.

TGI/TGIE are leaders in the delivery of sports technology including high end LED signage, software management platforms and a range of unique fan engagement tools to help clubs, agencies and rights holders optimise their brand exposure and enrich the consumer experience at major events.

These acquisitions complement the existing QMS Sport portfolio across Australia and New Zealand, providing additional scale and growth opportunities. This will further strengthen QMS' position in key strategic

[1] And its wholly owned subsidiaries Sportsmate Technologies Pty Ltd and World Sports and Entertainment Technologies Pty Ltd.

26. Subsequent events (continued)

international sports markets as it continues to expand its geographic footprint, and simultaneously diversify revenue channels.

On 31 August 2018, the Board recommended the payment of a final, fully franked dividend of 1.2 cents per share ($3,909,496). Proposed dividends on ordinary shares are not recognised as a liability as at 30 June 2018.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

27. Reconciliation of cash flows from operating activities

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit after tax		18,382	16,665
Adjustments for:			
Depreciation expense	*9*	8,292	6,761
Amortisation expense	*10*	9,592	5,898
Net finance costs	*3*	4,973	2,928
Straight line lease expense		1,741	1,217
Non-controlling interests	*12(c)*	(303)	(520)
Share based payments expense		444	480
Costs associated with acquisitions		459	411
Share of loss from associates	*11*	763	104
Tax expense	*5*	5,353	3,955
Bad debts expense		196	-
		49,892	**37,899**
Change in trade and other receivables		(4,804)	(2,502)
Change in inventories		(64)	(133)
Change in other assets		(14,541)	(1,822)
Change in trade and other payables		2,956	(1,245)
Change in tax liabilities		(132)	1,728
Change in provisions		204	355
Change in deferred revenue		1,846	(186)
Change in other liabilities		2,357	1,517
Cash generated from operating activities		**37,714**	**35,611**
Interest paid		(5,148)	(1,794)
Income taxes paid		(6,449)	(4,770)
Net cash from operating activities		**26,117**	**29,047**

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

28. Auditors' remuneration

	2018 $	2017 $
Audit and review services – Australia		
Auditors of the Company – KPMG Australia		
Audit and review of the Group Financial Statements	252,000	314,500
	252,000	314,500
Audit and review services – New Zealand		
Audit of subsidiary Financial Statements	50,000	50,000
Other services		
Auditors of the Company – KPMG Australia		
Taxation services	31,800	27,280
Auditors of the Company - KPMG international		
Taxation and due diligence services	146,894	-
Total auditors' remuneration	**480,694**	**391,780**

29. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was QMS Media Limited.

	2018 $'000	2017 $'000
Result of parent entity		
Profit/(loss) for the year	(2,462)	7,128
Other comprehensive income	1,233	-
Total comprehensive income/(loss) for the year	**(1,229)**	**7,128**
Financial position of parent entity at year end		
Current assets	307,985	217,381
Total assets	357,136	258,733
Current liabilities	(50,420)	(23,604)
Total liabilities	(190,123)	(88,076)
Total equity of parent entity comprising of:		
Share capital, net of share issue costs and deferred tax expense	(186,619)	(183,057)
Redeemable preference shares	13,287	13,287
Reserves	(2,654)	(297)
Retained earnings	8,973	(590)
Total equity	**(167,013)**	**(170,657)**

Parent entity guarantees, contingent liabilities and capital commitments

There are no contractual commitments by QMS Media Limited to acquire any property, plant or equipment (2017: Nil).

30. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each Company guarantees the debts of the others:

- QMS Media Limited
- Digital Outdoor Media (Aust) Pty Ltd
- Digital Outdoor Media (NSW) Pty Ltd
- Digital Outdoor Media (QLD) Pty Ltd
- Digital Outdoor Media (VIC) Pty Ltd
- Digital Outdoor Media (WA) Pty Ltd
- Riverview Signage Pty Ltd ATF Riverview Signage Trust
- Paramount Outdoor Pty Ltd
- Q Media Pty Ltd
- Omnigraphics Australia Pty Ltd
- Standout Media Pty Ltd
- MMTB Pty Ltd
- MMT Land Pty Ltd
- QMS Australia Pty Ltd
- QMS Rail Media Pty Ltd
- Plexity Holdings Pty Ltd
- Octopus Property Pty Ltd
- Skyline Digital Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare Financial Statements and a Directors' report under Australian Securities and Investments Commission ('ASIC') Corporations (wholly-owned Companies) Instrument 2016/785.

30. Deed of cross guarantee (continued)

(a) Statement of profit or loss and other comprehensive income

	2018 $'000	2017 $'000
Revenue	111,724	89,685
Cost of sales	(52,862)	(46,717)
Gross profit	**58,862**	**42,968**
Advertising and marketing expenses	(454)	(892)
Consultancy fees	(839)	(782)
Employee benefits expense	(20,644)	(18,326)
Legal and professional fees	(430)	(638)
Costs associated with acquisitions	(414)	(411)
Office expenses	(2,003)	(1,983)
Restructuring and integration costs	(108)	(549)
Other expenses	(5,309)	(299)
Depreciation expense	(4,195)	(3,347)
Amortisation expense	(6,144)	(2,544)
Operating profit	**18,322**	**13,197**
Finance income	4,098	71
Finance costs	(7,103)	(1,315)
Net finance costs	**(3,005)**	**(1,244)**
Share of loss from associates	(763)	(104)
Profit before tax	**14,554**	**11,849**
Income tax expense	(3,107)	(2,755)
Profit after tax	**11,447**	**9,094**
Other comprehensive income		
Foreign currency translation differences	1,192	-
Total comprehensive income for the year	**12,639**	**9,094**

30. Deed of cross guarantee (continued)

(b) Statement of financial position

	2018 $'000	2017 $'000
Assets		
Cash and cash equivalents	7,778	1,236
Trade and other receivables	19,738	18,935
Inventories	660	627
Assets held for sale	1,163	-
Current tax assets	53	-
Other current assets	126,827	54,797
Total current assets	**156,219**	**75,595**
Property, plant and equipment	49,847	44,086
Other non-current assets	215	-
Investments	56,550	48,980
Deferred tax assets	4,654	3,999
Intangible assets and goodwill	149,370	109,505
Total non-current assets	**260,636**	**206,570**
Total assets	**416,855**	**282,165**
Liabilities		
Trade and other payables	16,733	12,848
Deferred revenue	975	1,343
Current tax liabilities	4,919	3,418
Loans and borrowings	158	124
Deferred and contingent consideration	14,621	7,917
Provisions	1,291	1,252
Other liabilities	34,054	3,355
Total current liabilities	**72,751**	**30,257**
Deferred and contingent consideration	7,289	7,517
Loans and borrowings	130,768	54,500
Other non-current liabilities	158	187
Provisions	6,493	5,314
Deferred tax liabilities	3,995	4,855
Total non-current liabilities	**148,703**	**72,373**
Total liabilities	**221,454**	**102,630**
Net assets	**195,401**	**179,535**
Equity		
Share capital	186,992	181,171
Redeemable preference shares	(13,287)	(13,287)
Reserves	2,799	759
Retained earnings	18,897	10,892
Total equity	**195,401**	**179,535**

31. Other significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting entity

QMS Media Limited (the "Company") is a Company domiciled in Australia. The Financial Statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its controlled entities (collectively referred to as the "Group").

The Company's registered business address is 214 Park Street, South Melbourne, VIC, 3205.

The Group is a for-profit entity and is primarily involved in the provision of Out-of-Home advertising and media services over a portfolio of owned and represented static and digital billboards throughout Australia, New Zealand and Indonesia.

(b) Basis of accounting

(i) Statement of compliance

The Financial Statements are a general purpose financial report which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report complies with International Financial Reporting Standards adopted by the International Accounting Standards Board.

These Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations associated with all financial liabilities as and when they fall due.

These Financial Statements were authorised for issue by the Board of Directors on 31 August 2018.

(ii) Basis of measurement

These Financial Statements are prepared on a historical cost basis, except for loans and receivables that are measured at amortised cost, derivative financial instruments that are measured at fair value and deferred and contingent consideration that are measured at fair value.

(c) Functional and presentation currency

These Financial Statements are presented in Australian dollars, which is the Company's functional currency.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191* and in accordance with the Rounding Instrument, amounts in the Financial Report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of judgements and estimates

In preparing these 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, 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.

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities are detailed below.

Recoverability of goodwill and site lease intangible assets (refer note 10)

Management reviews the carrying amount of its goodwill and indefinite life intangible assets (site leases) at least annually, and whenever there is an indication of impairment. Assets that do not generate independent cash flows are allocated to an appropriate cash generating unit ('CGU'). The recoverable amount of CGUs has been determined with reference to the value in use valuation approach which is determined by discounting the future cash flows expected to be generated from the continuing use of the business.

31. Other significant accounting policies (continued)

(d) Use of judgements and estimates

The cash flow forecasts are based on the Board approved budget for the next twelve months with an EBITDA growth rate applied to the remaining five year forecast period. After this time, the forecast period is extrapolated into perpetuity with a rate consistent with the long term average growth rate appropriate to each CGU. The determination of the value in use requires estimation and judgement of future cash flows using a combination of internal and external sources of information. Cash flow forecasts and growth rate assumptions are reflective of past performance, market conditions, and forecast future performance. As a result, actual results may differ from estimates.

Measurement of deferred and contingent consideration (refer note 16)

Management exercises judgement in measuring and recognising deferred and contingent consideration at fair value. Fair value is determined with reference to contractual obligations and expected future performance with reference to the latest available profit forecasts. Judgement is required to quantify the best estimate of the consideration required to settle the obligation. Due to the inherent uncertainty of consideration contingent on future performance, consideration may differ from the original estimate.

Business combinations (refer note 20)

The recognition of goodwill through business combinations is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and liabilities assumed. To a certain extent, the determination of the fair value of these assets and liabilities is based on management's judgement, in particular in relation to site lease intangible assets. Accounting for the acquisition is done on a provisional basis, for a period of 12 months from date of acquisition.

When measuring the fair value of an asset or liability, the Group uses market observable data where available. Management regularly reviews the significant unobservable inputs and valuation adjustments and significant valuation judgements are reported to the Audit and Risk Management Committee.

Site lease intangible assets are recognised, if applicable, as part of the assets acquired through business combinations. Site lease intangible assets are recognised at fair value using the excess earnings method. The fair value is determined based on discounting the incremental cash flows based on Earnings Before Interest and Tax directly attributable to the permitted site, over the weighted average lease term, to arrive at a net present value. The valuation involves a number of key assumptions including the risk-adjusted discount rate, growth rate of revenue, gross margin, the weighted average lease life and the overall underlying customer attrition rate. All these inputs are highly judgemental, with the customer attrition rate of 20% representing the most sensitive driver of the net present value.

The allocation of the purchase price affects the results of the Group as goodwill is not amortised, whereas site lease intangible assets are amortised. Therefore, differing amortisation charges are recorded based on the allocation between goodwill and site lease intangible assets.

(e) Principles of consolidation

These Financial Statements incorporate the assets and liabilities of all subsidiaries of the Company and the results of subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assets, liabilities and results of all subsidiaries are fully consolidated into the Financial Statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries are consistent with accounting policies adopted by the Group.

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

31. Other significant accounting policies (continued)

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

(f) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Unearned income is recognised within trade payables where rental invoices are issued in advance of the period in which the revenue is earned.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These Financial Statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(iii) Foreign controlled entities

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.

(h) 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.

31. Other significant accounting policies (continued)

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 statement of financial position.

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.

32. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2018 (unless otherwise stated), and have not been applied in preparing these Financial Statements.

Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(a) AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014)

AASB 15 (effective on or after 1 January 2017) introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements.

Based on the current assessment performed by management, the impact of this standard is:

- The Group considers itself to be the principal under AASB 15 and accordingly will continue to record revenue gross of agency commissions.
- Bonus advertising provided is considered to be a separate performance obligation. This affects the timing of revenue recognition as a portion of the transaction price is allocated to each performance obligation.
- Additional advertising runs on campaigns are classified as a contract modification under AASB 15. This contract modification is treated as a termination of the existing contract and the creation of a new contract. There is no change to the transaction price but instead the remaining consideration is allocated prospectively to the remaining performance obligation.

The net impact of bonus advertising and additional advertising runs is not expected to be material to the Group's results.

(b) AASB 9 Financial Instruments (December 2010) (includes financial assets and financial liability requirements)

In AASB 9 (December 2010), the AASB added requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 except in respect of the fair value option and certain derivatives linked to unquoted equity instruments.

The AASB also added the requirements in AASB 139 in relation to the derecognition of financial assets and financial liabilities to AASB 9.

AASB 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

32. New standards and interpretations not yet adopted (continued)

Guidance on hedge accounting continues to apply as long as hedge accounting provisions in AASB 2013-9 are not applied.

An assessment of the potential impact of this standard was performed and based on this assessment, it was determined that the impact is not expected to be material to the Group's results, financial position or disclosures.

(c) AASB 16 Leases

Effective from 1 January 2019, and applicable to the Group at 30 June 2020, AASB 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. As a result, most leases will be brought onto the balance sheet with the aim of providing greater visibility and transparency to the balance sheet. The definition of what is a lease will become a key area of judgement with leases brought on balance sheet, with service contracts remaining off balance sheet.

The Group has a large portfolio of leases and therefore AASB 16 is expected to significantly change the presentation of the balance sheet, with an increase in both reported assets and liabilities. There will also be changes in the accounting over the life of the lease, with the recognition of a front-loaded pattern of expenses for most leases required, even when constant annual rentals are made. Although the Group is currently still assessing the various transition options available and the impact on the Group's financial performance and financial position, it is expected that AASB 16 will have a material impact on:

- The composition of the statement of financial position with an increase in both reported assets and liabilities;
- EBITDA with fixed operating lease expenses no longer being reported through cost of sales but replaced by amortisation on the right-of-use assets and finance charges on the lease liability; and
- Total lease expense will be front loaded as the impact of the discount unwind of the lease liability is greater in the earlier stages of the lease period, resulting in a lower NPAT in earlier years of the lease.

Directors' declaration

1. In the opinion of the Directors of QMS Media Limited:

   (a) the Financial Statements and Notes that are set out on pages 39 to 86 and the remuneration report in section 18 of the Directors' report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and

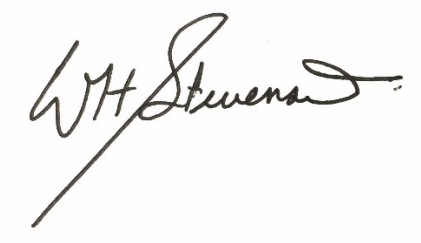
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (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 received declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

3. The Directors draw attention to note 31 of the Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Wayne Stevenson
Chairman

Barclay Nettlefold
Director and Chief Executive Officer

31 August 2018
Melbourne

Independent audit report

Independent Auditor's Report

To the shareholders of QMS Media Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of QMS 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 30 June 2018 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:

- Consolidated statement of financial position as at 30 June 2018
- 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 or 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.

Independent audit report (continued)

KPMG

Key Audit Matters
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. This matter was 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 this matter.

Valuation of intangible assets and goodwill	
Refer to Note 10 Intangible assets and goodwill	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of goodwill and intangible assets for impairment given the size of the balance (being 53% of the total assets, of which 28% is goodwill) and level of judgement required by us in evaluating the Group's annual impairment test of the intangible assets and goodwill. We focused on the significant forward-looking assumptions the Group applied in their value in use model, including: • the determination of cash generating units (CGUs) as set out in Note 10; • forecast cash flows, growth rates and terminal growth rates; • discount rate - these are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time and the model approach to incorporating risks into the cash flows or discount rates. In addition to the above, the Group made a number of acquisitions during the year necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of Australian Accounting Standards. • We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • We considered the Group's determination of its CGUs based on our understanding of the operations of the Group's business, impact of acquisitions, and, how independent cash inflows were generated, against the requirements of the Australian Accounting Standards. • We analysed the impact of the acquisitions on the Group's internal reporting to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs. • We assessed the Group's analysis of total carrying amount of the Group's intangible assets and goodwill balance against the market capitalisation of the Group as at 30 June 2018. • We assessed the accuracy of previous forecasts for each CGU to inform our evaluation of forecasts incorporated in the value in use model. • We compared the forecast cash flows contained in the value in use model to management prepared forecasts. • Working with our specialists, we used our knowledge of the Group and OOH advertising market, their past performance, business and customers, and our industry experience to assess the forecast cash flows and growth assumptions in light of the competitive market conditions and impact of acquisitions. We

Independent audit report (continued)

collectively understand the Group's business and the Out-of-Home (OOH) advertising market.	applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared forecast growth rates and terminal growth rates to industry trends and expectations, and considered differences for the Group's operations. • We checked the model incorporated the new operational sites acquired as per the contract, and the revenue and cost of sales applied were consistent with the Group's revenue and cost of sales for static and digital sites. • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range, to identify those CGUs at higher risk of impairment and to focus our further procedures. • We checked the consistency of the growth rates to the past performance of the Group, and our experience regarding the feasibility of these in the industry in which they operate. • Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group's CGUs and the industry it operates in. • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of Australian Accounting standards.

Other Information

Other Information is financial and non-financial information in QMS 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.

Independent audit report (continued)

Responsibilities of the 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 controls 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
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 and Company or to cease operations, or have no realistic alternative but to do so.

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
- 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 the 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: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

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Independent audit report (continued)

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of QMS Media Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' 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 17 to 28 of the Directors' report for the year ended 30 June 2018.

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

KPMG

J. Carey

KPMG

J. Carey

Partner

Melbourne

31 August 2018

Auditor's independence declaration under Section 307C of the Corporations Act 2001

KPMG

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

To the Directors of QMS Media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of QMS Media Limited for the financial year ended 30 June 2018 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

J. Carey

J. Carey
Partner
Melbourne
31 August 2018

ASX additional information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 30 June 2018)

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of ordinary shares held	Percentage of ordinary shares %
J P Morgan Nominees Australia Limited	63,624,358	19.53%
HSBC Custody Nominees (Australia) Limited	52,244,506	16.04%
Wenvale Pty Ltd ATF Barclay Nettlefold Family Trust	45,868,006	14.08%
National Nominees Limited	36,345,401	11.16%
BNP Paribas Nominees Pty Ltd	29,408,687	9.03%
Citicorp Nominees Limited	16,358,317	5.02%

Voting rights – 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.

Securities subject to voluntary escrow

There are no securities under escrow.

Distribution of equity security holders

Category	Number of equity security holders Ordinary shares
1 - 1,000	194
1,001 - 5,000	290
5,001 - 10,000	272
10,001 - 100,000	630
100,001 and over	90
	1,476

The number of shareholders holding less than a marketable parcel of ordinary shares is 127 (2017: 104).

Securities Exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Melbourne.

Other information

QMS Media Limited, incorporated and domiciled in Australia, is a publicly listed Company limited by shares.

On-market buy-back

There is no current on-market buy-back.

Unquoted equity securities

There are no unquoted equity securities.

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of ordinary shares %
J P Morgan Nominees Australia Limited	63,624,358	19.53%
HSBC Custody Nominees (Australia) Limited	52,244,506	16.04%
Wenvale Pty Ltd ATF Barclay Nettlefold Family Trust	45,868,006	14.08%
National Nominees Limited	36,345,401	11.16%
BNP Paribas Nominees Pty Ltd	29,408,687	9.03%
Citicorp Nominees Limited	16,358,317	5.02%
UBS Nominees Pty Ltd	14,156,214	4.35%
Brispot Nominees Pty Ltd	5,942,767	1.82%
Mr J O'Neill	4,961,538	1.52%
Mediascape Pty Ltd	4,710,359	1.45%
Cs Fourth Nominees Pty Ltd	4,007,640	1.23%
BNP Paribas Nominees Pty Ltd	1,460,000	0.45%
Aust Executor Trustees Limited	1,450,000	0.45%
Mr W Stevenson	1,220,756	0.37%
Neweconomy.com.au Nominees Pty Ltd	1,144,754	0.35%
Mr A Trevena	1,040,000	0.32%
Dmack Pty Ltd	1,040,000	0.32%
Ms A Hutton	750,000	0.23%
Invia Custodian Pty Ltd	703,989	0.22%
Cs Third Nominees Pty Ltd	648,754	0.20%
Total held by top 20 largest holders	**287,086,046**	**88.14%**

Corporate directory

Company Secretary

Malcolm Pearce

214 Park Street

South Melbourne

Melbourne, VIC, 3205

Principal registered office

QMS Media Limited

214 Park Street

South Melbourne

Melbourne, VIC, 3205

Telephone +61 3 9268 7000

Share register

Computershare Investor Services Pty Limited

452 Johnson Street

Abbotsford, VIC, 3067

Telephone 1300 850 505

Facsimile 1300 137 341

Stock exchange listing

QMS Media Limited shares are listed on the Australian Securities Exchange (ASX code: QMS).

Investor website

http://www.qmsmedia.com/investors/

Company website

http://www.qmsmedia.com/