

# QMS Media Limited

## Appendix 4E

### Unaudited Preliminary final report

#### Entity details

Name of entity: QMS Media Limited

ABN: 71 603 037 341

#### Reporting period

Reporting period ("current period"): for the period 25<sup>th</sup> November 2014 to 30<sup>th</sup> June 2015.

Previous corresponding period: not applicable ("N/A") – company was registered on 25<sup>th</sup> November 2014.

#### Results for announcement to the market

|  | \$A million                                      |   |                |               |
|--|--|---|----------------|---------------|
|  | 30 <sup>th</sup> June<br>2015<br>Statutory<br>\$ | 30 <sup>th</sup> June<br>2015<br>Prospectus<br>\$ | Variance<br>\$ | Variance<br>% |
| Statutory Revenue from ordinary activities   | 4.1  | 2.0   | 2.1            | 105.0%        |
| Statutory Profit (Loss) after tax from ordinary activities attributable to the members             | (4.9)  | (4.2)   | (0.7)          | (16.7%)       |
| Statutory Profit (Loss) before tax from ordinary activities for the period attributable to members | (5.6)  | (4.7)   | (0.9)          | (19.1%)       |

#### Dividends

There were no dividends paid, recommended or declared during the current financial period.

#### Commentary

QMS Media Limited ("the Company") was registered on 25<sup>th</sup> November 2014 and commenced operations on 17<sup>th</sup> March 2015. This review covers the period from registration to 30<sup>th</sup> June 2015.

The Company was established to aggregate a number of outdoor advertising assets. The details of the entities acquired are included below. The impact of the profit/(loss) of the entities has been included from the date of control of those entities to 30<sup>th</sup> June 2015.

The company issued a Prospectus on 10<sup>th</sup> June 2015 and on 29<sup>th</sup> June 2015, completed an Initial Public Offering on the Australian Securities Exchange and was listed from this date.

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The statutory loss for the period was \$4.9 million. This compares to a statutory loss for the period of \$4.2 million as forecast in the Prospectus. The key drivers of the variance are the accelerated acquisition of the QMS APAC group of companies by six days ahead of the assumption in the Prospectus. This contributed additional revenue for the period that was offset by the additional costs of sales, costs of the IPO, costs of entity acquisitions and associated depreciation and amortisation.

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### Condensed consolidated statement of profit or loss and other comprehensive income for the period 25<sup>th</sup> November 2014 to 30<sup>th</sup> June 2015

|  | Notes | \$'000               |
|--|-------|----------------------|
| Revenue  |       | 4,095                |
| Cost of sales  |       | <u>(1,585)</u>       |
| Gross profit   |       | 2,510                |
| Advertising and marketing expenses   |       | (47)                 |
| Consultancy fees   |       | (582)                |
| Employee benefits expense  |       | (648)                |
| Legal and professional fees  |       | (434)                |
| IPO related expenses   | 3     | (2,764)              |
| Other expenses   |       | (348)                |
| Depreciation expense   | 4a    | (72)                 |
| Amortisation expense   | 4b    | (182)                |
| Financing costs  |       | (3,048)              |
| Share of profit / (loss) from associates   |       | <u>(22)</u>          |
| <b>Profit (Loss) before income tax expense</b>   |       | (5,637)              |
| Income tax benefit   |       | <u>743</u>           |
| <b>Profit/ (Loss) for the period</b>   |       | (4,894)              |
| Net profit/(loss) attributable to non-controlling interests                                |       | 50                   |
| <b>Profit (Loss) attributable to members of the parent entity</b>                          |       | <u>(4,844)</u>       |
| <b>Other Comprehensive loss for the period</b>   |       |                      |
| Foreign currency translation differences   |       | (11)                 |
| <b>Total comprehensive loss for the period attributable to member of the parent entity</b> |       | <u>(4,855)</u>       |
| <b>Earnings per share</b>  |       | <b>( 0.33) cents</b> |

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### Condensed consolidated statement of financial position as at 30<sup>th</sup> June 2015

|                                      | Notes | \$'000         |
|--------------------------------------|-------|----------------|
| <b>CURRENT ASSETS</b>                |       |                |
| Cash and cash equivalents            | 8     | 21,411         |
| Trade and other receivables          |       | 9,934          |
| Inventories                          |       | 615            |
| Other Current Assets                 |       | 7,947          |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>39,907</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                |
| Property, Plant & Equipment          | 5     | 18,961         |
| Intangible Assets                    | 6a    | 31,531         |
| Goodwill                             | 6b    | 61,927         |
| Deferred Tax Assets                  |       | 2,696          |
| Other Non-Current Assets             |       | 703            |
| <b>TOTAL NON CURRENT ASSETS</b>      |       | <b>115,818</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>155,725</b> |
| <b>CURRENT LIABILITIES</b>           |       |                |
| Trade and other payables             |       | 10,307         |
| Financial liabilities                |       | 12             |
| Deferred consideration               | 7a    | 13,376         |
| Current tax liabilities              |       | 812            |
| Other liabilities                    |       | 4,676          |
| Borrowings                           | 8     | 3,111          |
| Provisions                           |       | 490            |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>32,784</b>  |
| <b>NON CURRENT LIABILITIES</b>       |       |                |
| Deferred Tax Liabilities             |       | 915            |
| Financial Liabilities                |       | 158            |
| Deferred Consideration               | 7b    | 8,153          |
| Provisions                           |       | 2,720          |
| <b>TOTAL NON CURRENT LIABILITIES</b> |       | <b>11,946</b>  |
| <b>TOTAL LIABILITIES</b>             |       | <b>44,730</b>  |
| <b>NET ASSETS</b>                    |       | <b>110,995</b> |
| <b>EQUITY</b>                        |       |                |
| Issued capital                       |       | 115,900        |
| Other reserves                       |       | (11)           |
| Accumulated losses                   |       | (4,844)        |
| Non-controlling interests            |       | (50)           |
| <b>TOTAL EQUITY</b>                  |       | <b>110,995</b> |

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### Condensed consolidated statement of cash flows for the period 25<sup>th</sup> November 2014 to 30<sup>th</sup> June 2015

|   | \$'000          |
|---|-----------------|
| <b>Cash flows from operating activities</b>                     |                 |
| Receipts from customers (inclusive of GST)                      | 5,267           |
| Payments to suppliers and employees (inclusive of GST)          | (5,186)         |
| Interest (paid)/received  | (12)            |
| Income tax (paid) / refunded                                    | 25              |
| <b>Net Cash from (used in) operating activities</b>             | <b>94</b>       |
| <b>Cash flows from investing activities</b>                     |                 |
| Payments for acquisition of property, plant and equipment       | (2,615)         |
| Payment for acquisition of intangible assets                    | (2,538)         |
| Payment for acquisition of subsidiaries, net of cash acquired   | (65,083)        |
| Payment of acquisition costs                                    | (1,039)         |
| <b>Net Cash from (used in) investing activities</b>             | <b>(71,275)</b> |
| <b>Cash flows from financing activities</b>                     |                 |
| Proceeds from issue of shares                                   | 95,002          |
| Payment of transaction costs related to IPO                     | (5,865)         |
| Proceeds from convertible note                                  | 9,500           |
| Repayment of borrowings   | (2,936)         |
| Repayment of related party borrowings                           | (3,098)         |
| <b>Net Cash from (used in) financing activities</b>             | <b>92,603</b>   |
| Effects of exchange rate movements on cash and cash equivalents | (11)            |
| <b>Net increase (decrease) in cash and cash equivalents</b>     | <b>21,411</b>   |
| Cash and cash equivalents at beginning of period                | -               |
| <b>Cash and cash equivalents at end of period</b>               | <b>21,411</b>   |

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### Statement of changes in equity

|   | \$'000<br>Contributed<br>equity | \$'000<br>Foreign currency<br>translation reserve | \$'000<br>Accumulated<br>losses | \$'000<br>Non-controlling<br>interest | \$'000<br>Total Equity |
|---|---------------------------------|---|---------------------------------|---------------------------------------|------------------------|
| At inception  |                                 |   |                                 |                                       |                        |
| <b>Total comprehensive income for the period:</b>             |                                 |   |                                 |                                       |                        |
| Profit (Loss) for the period after income tax                 |                                 |   | (4,844)                         | (50)                                  | (4,894)                |
| <b>Other comprehensive income:</b>                            |                                 |   |                                 |                                       |                        |
| Exchange differences on translation of foreign operations     |                                 | (11)  |                                 |                                       | (11)                   |
| <b>Total Comprehensive loss for the period</b>                |                                 | (11)  | (4,844)                         | (50)                                  | (4,905)                |
| <b>Transactions with owners, recorded directly in equity:</b> |                                 |   |                                 |                                       |                        |
| Issue of ordinary shares                                      | 120,196                         |   |                                 |                                       | 120,196                |
| Share issue costs   | (4,296)                         |   |                                 |                                       | (4,296)                |
| <b>Total transactions with owners</b>                         | 115,900                         |   |                                 |                                       | 115,900                |
| <b>Balance as at 30 June 2015</b>                             | <b>115,900</b>                  | <b>(11)</b>                                       | <b>(4,844)</b>                  | <b>(50)</b>                           | <b>110,995</b>         |

## Notes to the financial statements

### 1) Significant accounting policies

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated group and are consistent with the accounting policies as disclosed in the Prospectus.

### 2) Basis of preparation

The unaudited preliminary final report of QMS Media Limited and subsidiaries for the year ended 30 June 2015 does not include all notes of the type that would normally be included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance and financial position of the Group as a full financial report.

The unaudited preliminary final report has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards (AASB), which has been prepared on an accruals basis and is based on the historical cost convention. No comparative period exists and comparative financial information is therefore not provided.

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### 3) IPO related expenses

30-Jun-15  
\$'000

|                                   |              |
|-----------------------------------|--------------|
| ASX listing fees                  | 82           |
| Stamp duty                        | 386          |
| Cost of acquisitions              | 1,040        |
| Legal, professional and other     | 1,256        |
| <b>Total IPO related expenses</b> | <b>2,764</b> |

### 4) Depreciation and amortisation

30-Jun-15  
\$'000

#### (a) Depreciation Expense

|                           |           |
|---------------------------|-----------|
| Plant and equipment       | 64        |
| Leasehold improvements    | 8         |
| <b>Total Depreciation</b> | <b>72</b> |

#### (b) Amortisation Expense

|                           |            |
|---------------------------|------------|
| Site lease intangibles    | 143        |
| Borrowing costs           | 39         |
| <b>Total Amortisation</b> | <b>182</b> |

### 5) Property, plant and equipment

30-Jun-15  
\$'000

#### Plant and Equipment

|                                       |        |
|---------------------------------------|--------|
| Carrying value of plant and equipment | 11,212 |
|---------------------------------------|--------|

#### Leasehold Improvements

|  |       |
|--|-------|
| Carrying value of leasehold improvements | 2,174 |
|--|-------|

#### Land and Buildings

|                                      |       |
|--------------------------------------|-------|
| Carrying value of land and buildings | 5,575 |
|--------------------------------------|-------|

|  |               |
|--|---------------|
| <b>Total Carrying Value of Property, Plant and Equipment</b> | <b>18,961</b> |
|--|---------------|

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### 6) Intangible assets and goodwill

|   | 30-Jun-15<br>\$'000 |
|---|---------------------|
| <b>(a) Site Lease Intangibles</b>                             |                     |
| Carrying value of site lease intangibles                      | 31,531              |
| <b>(b) Goodwill</b>   |                     |
| Carrying value of goodwill                                    | 61,927              |
| <b>Total Carrying Value of Intangible Assets and Goodwill</b> | <b>93,458</b>       |

The site lease intangibles and goodwill balances are as a result of the acquisitions made in the FY2015 financial year. Under AASB 3 Business Combinations, QMS Media Limited has up to twelve months after acquisition date to identify and reliably estimate the fair values of the acquired asset and assumed liabilities. As a result, the above amounts are provisional.

### 7) Deferred/Contingent payments, put options and forward contracts

The company has entered acquisition agreements that contain deferred/contingent payments, put options and forward contracts that will be payable within the next 1-4 years. The current commitments included in the notes below are undiscounted. The noncurrent commitments greater than twelve months have been discounted.

|   |               |
|---|---------------|
| <b>(a) Current Deferred Consideration</b>       |               |
| Drive By Media                                  | 10,626        |
| Plexity   | 1,600         |
| Paramount                                       | 1,150         |
| <b>Total Current Deferred Consideration</b>     | <b>13,376</b> |
| <b>(b) Non-Current Deferred Consideration</b>   |               |
| Plexity   | 2,900         |
| BMG Australasia                                 | 1,552         |
| Vail Media Book                                 | 2,781         |
| Paramount                                       | 920           |
| <b>Total Non-Current Deferred Consideration</b> | <b>8,153</b>  |



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### 8) Current Indebtedness

The components of the company's net indebtedness as at 30<sup>th</sup> June 2015

|  | \$'000       |
|--|--------------|
| Cash and cash equivalents              | 21,411       |
| Current financial liabilities          | (12)         |
| Current borrowings                     | (3,111)      |
| Current deferred consideration         | (13,376)     |
| <b>Total Current Indebtedness Note</b> | <b>4,912</b> |

The company has secured new banking facilities of \$10,010,000 effective 28<sup>th</sup> July 2015 as outlined in the Prospectus. Please refer to note 9 Subsequent events for more detail.

### 9) Subsequent events

On 28<sup>th</sup> July 2015, the company executed a facility agreement and associated security documents for new banking facilities with the Australia and New Zealand Banking Group Limited. The facility limit under the new banking facility is \$10,010,000 and is available for drawings in Australian dollars by way of cash advance, bank guarantee, equipment and asset financing and ancillary facilities. The maturity date of the facility is 31<sup>st</sup> October 2016. The facility agreement contains the usual security and financial covenants typical for facilities of this nature.

On 7<sup>th</sup> August 2015, Digital Outdoor Media (Vic) Pty Ltd, a 100% wholly owned subsidiary of the Company, completed the acquisition of certain out of home advertising sites in Victoria operated under the Drive By Media name for \$7.7 million.

On 26<sup>th</sup> August 2015, Ambient Advertising NZ Limited, a 75% owned subsidiary of the Company, signed a Media Services agreement with Auckland Transport to manage all the existing outdoor advertising assets of Auckland Transport.

Other than the matters mentioned above, no other matter or circumstance at the date of this report has arisen since 30 June 2015 that has significantly affected or may affect:

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

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Net tangible assets

|  | Current Period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible assets per ordinary share | 0.06 cents     | N/A                           |
| Net assets per ordinary share          | 0.44 cents     | N/A                           |

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#### Details of entities over which control has been gained

QMS Media Limited listed on the Australian Stock Exchange on 29<sup>th</sup> June 2015

| Entity  | Date control gained         | Impact of profit(loss) after tax (A\$'000) |
|---|-----------------------------|--|
| Digital Outdoor Media (Aust) Pty Ltd                  | 18 <sup>th</sup> March 2015 | (1,450)                                    |
| Riverview Signage Pty Ltd atf Riverview Signage Trust | 17 <sup>th</sup> March 2015 | -  |
| Riverview Signage Trust                               | 17 <sup>th</sup> March 2015 | 209  |
| Digital Outdoor Media (NSW) Pty Ltd                   | 18 <sup>th</sup> March 2015 | (30)                                       |
| Digital Outdoor Media (QLD) Pty Ltd                   | 18 <sup>th</sup> March 2015 | 16   |
| Digital Outdoor Media (WA) Pty Ltd                    | 18 <sup>th</sup> March 2015 | -  |
| Digital Outdoor Media (Vic) Pty Ltd                   | 18 <sup>th</sup> March 2015 | (7)  |
| QMS Australia Pty Ltd                                 | 23 <sup>rd</sup> June 2015  | 12   |
| QMS Rail Media Pty Ltd                                | 23 <sup>rd</sup> June 2015  | 13   |
| QMS NZ Holdings Limited                               | 31 <sup>st</sup> March 2015 | 176  |
| Ambient Advertising NZ Limited                        | 2 <sup>nd</sup> April 2015  | (17)                                       |
| QMS NZ Retail Limited                                 | 10 <sup>th</sup> April 2015 | -  |
| Q Media Pty Ltd                                       | 23 <sup>rd</sup> June 2015  | 103  |
| Omnigraphics Australia Pty Ltd                        | 23 <sup>rd</sup> June 2015  | 63   |
| Standout Media Pty Ltd                                | 23 <sup>rd</sup> June 2015  | 24   |
| MMTB Pty Ltd  | 23 <sup>rd</sup> June 2015  | 97   |
| MMT Land Pty Ltd                                      | 23 <sup>rd</sup> June 2015  | (1)  |
| Paramount Outdoor Pty Ltd                             | 23 <sup>rd</sup> June 2015  | 2  |
| Plexity Holdings Pty Ltd                              | 25 <sup>th</sup> June 2015  | (1)  |
| BMG Australasia Pty Ltd                               | 25 <sup>th</sup> June 2015  | (10)                                       |
| QMS Insite Media Pte Ltd                              | 23 <sup>rd</sup> June 2015  | -  |
| PT Insite Media                                       | 23 <sup>rd</sup> June 2015  | (14)                                       |
| QMS Australian Holdings Pty Ltd                       | 10 <sup>th</sup> March 2015 | -  |

#### Details of associates and joint venture entities

| Entity                            | Date interest acquired      | Impact of Profit (Loss) (A\$'000) |
|-----------------------------------|-----------------------------|-----------------------------------|
| QMS Australia Pty Ltd             | 18 <sup>th</sup> March 2015 | 57                                |
| Titan Media Group NZ Pty Ltd      | 2 <sup>nd</sup> April 2015  | (79)                              |
| The Digital Outdoor Group Pty Ltd | 23 <sup>rd</sup> June 2015  | -                                 |

### Results for the period

#### 1) Revenue

Total revenue of \$ 4.1 million for the period compared to the estimated statutory revenue of \$2.0 million disclosed in the Prospectus. The key driver for this difference was the actual acquisition date for the QMS APAC entities was brought forward to 22<sup>nd</sup> June 2015, generating an additional six days trading in the FY2015 financial year. The results include a step-acquisition gain relating to QMS Australia Pty Ltd of \$0.7 million.

#### 2) Expenses

Total expenses were \$9.7 million for the period compared to \$6.9 million disclosed in the Prospectus. The key drivers of this \$2.8 million variance were:

- Cost of sales
  - o Increase in cost of sales of \$0.5 million relating to the additional six days trading in the FY 2015 resulting from the brought forward acquisition date for the QMS APAC entities.
- Employee benefits expense
  - o Lower than the Prospectus forecast by \$0.2 million due to the delay in recruiting new employees.
- Depreciation and amortisation
  - o Depreciation and amortisation charge for the period was \$0.3 million compared to zero in the Prospectus forecast because the acquisition of the entities holding the depreciable plant and equipment and site lease intangibles was assumed to be on the 29<sup>th</sup> June 2015 in the Prospectus.
- IPO and costs of acquisition expenses
  - o IPO related costs were \$1.7 million for the period compared to \$1.2 million estimated in the Prospectus. The additional costs were in relation to legal fees, investigating accountants and corporate advisory costs associated with the preparation and lodgement of the Prospectus. Costs of acquisitions of \$1.1 million include legal, corporate advisory and stamp duty costs in relation to the acquisition of various entities during the IPO. In the Prospectus these costs were capitalised as part of the cost of the relevant assets, but have now been expensed in the profit and loss statement.

#### 3) Tax expense

The negative tax expense reflects the net consolidated statutory tax loss generated during the period to 30<sup>th</sup> June 2015. The negative tax expense has been calculated, taking into consideration the relevant tax jurisdictions.

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#### Earnings per security

|   | Current period<br>(cents) | Previous<br>corresponding<br>period (cents) |
|---|---------------------------|---|
| Basic earnings per share  | (0.33)                    | NIL   |
| Weighted average number of ordinary shares<br>outstanding during the period used in the calculation<br>of basic EPS | 14,896,572                | NIL   |

#### Returns to Shareholders

Not applicable

#### Audit review

This report is based on the Annual Financial Report which is in the process of being audited.