

UNITI WIRELESS LIMITED
A.C.N 158 957 889

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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UNITI WIRELESS LIMITED
A.C.N 158 957 889
DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors submit the financial report on the consolidated group for the year ended 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Che Metcalfe
Sasha Baranikow
Jules Maussen (resigned 1 August 2018)
Kathy Gramp (appointed 15 May 2018)
John Lindsay (appointed 15 May 2018)
Graeme Barclay (appointed 20th September 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Dividends

No dividends were paid during the year and the directors have not recommended a dividend in respect of the 2018 financial period (2017: Nil)

Options

96,836 options were granted over issued shares in the company however the terms and conditions of these options have not been met and the options have subsequently been cancelled and therefore there were no options outstanding at the date of this report.

Review of operations

The consolidated loss after tax for the year ended 30 June 2018 was \$4,800,964 (2017: \$2,353,226 loss).

Principal activities

The principal activity of the consolidated group during the financial year was the provision of consumer and corporate telecommunications services.

Significant changes in the state of affairs

No significant change in the principal activities occurred during the year.

Matters subsequent to the end of the financial year

The Group undertook an issue of convertible notes in July 2018 raising \$1,675,000 in August 2018, approved at a general meeting on 7 September 2018. The notes will convert at a price equivalent to a 20% discount to a listing price, if the Company undertakes an IPO prior to 31st December 2018, a 30% discount if a listing takes place between Dec 18 and Jun 19 and a 40% discount if after June 19. Interest is payable on consolidated and converted at a rate of 8% per annum.

The Group reviewed and after some negotiation signed the loan component of the South Australian Government Future Jobs Fund on the 17th July 2018. The loan component (\$3m) was received on the 26th July and the grant component, which requires funds to be matched by the group, will be claimed and received during the 2019 financial year. The funds are to be used to assist the Group with its national expansion. The loan requires quarterly payments of principal and interest with the final repayment four years from inception. The interest rate is set at 2.57%. The grant is available to be drawdown over three distinct tranches based on active customer services, with the first two customer targets being met at the date of this report. The grant is repayable if employment target are not achieved on a pro-rata basis with the initial target applying to the 30 June 2019 financial year.

Likely developments and expected results of operations

The Group plans to continue its development of & investment in its network infrastructure and customer base. The Group is currently planning for an Initial Public Offering.

Environmental regulation

The group is not subject to significant environmental regulations and is not aware of any breaches of any environmental regulations during the year.

Directors and auditors indemnification

No indemnities have been given or insurance premiums paid, during or since the end of the financial year for any person who is or has been an auditor of the group.

The group has paid premiums to insure the directors and company secretary against liabilities and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

UNITI WIRELESS LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Information on Directors

Che Metcalfe (Executive Director) was the founder of one of Australia's leading mobile application development companies, Kukan Studio, which employed over 20 staff with major clients including EA, THQ & ARC. He has developed leading edge telecommunication platform using Bluetooth network technology. He is a Past President of AIMIA, SA and has served on several industry boards. He is the co-founder of the 'Mega' Program.

Sasha Baranikov (Executive Director) has been a fast growth commercialisation specialist for over 10 years. She began her career in the Media industry and has run the Australian & New Zealand P&L for a Global Games Company forging strategic partnerships with Endemol, Fremantle and BBC. She holds a Bachelor of Media from the University of Adelaide.

Jules Maussen (Non-Executive Director) is a professional investor and operates a private anaesthetic practice in Brisbane. He has been a member of the board of directors of Wickham Terrace Anaesthesia.

Kathy Gramp (Non-Executive Director) is an experienced company director with more than 20 years experience. These board positions have been held across a diverse range of industries including commercial radio, digital media and technology and consumer-centric organisations. She spent 22 years at Austereo Ltd as CFO and as a member of the Executive Committee. She is most notably a Non-executive director of Codan Limited and the Australian Institute of Company Directors. She is a Fellow of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.

John Lindsay (Non-Executive Director) is a telecommunications industry expert with a career in the industry spanning over 25 years with roles including a Telecommunications Industry Ombudsman Director, Non-executive director of Nano-Nouvelle, Redflow & Ultraserve, a Director of the Internet Industry Association and as CTO of iiNet Ltd and Internode Pty Ltd. He is a graduate member of the Australian Institute of Company Directors.

Graeme Barclay (Non-Executive Director) is an experienced commercial executive and qualified Chartered Accountant with more than 30 years experience in professional services (corporate restructuring, insolvency, corporate finance and advisory) and in financial, operational, business development and general management in the broadcast and telecommunications sector. Graeme was Group CEO of BAI Communications for 11 years and was Non-Executive Chairman of the Nextgen and Metronode Group of Companies. He is currently a Non-Executive Director of Codan Limited, BSA Limited and Axicom Holdings P/L.

Directors Meetings

During the financial year, nine meetings of directors were held. Attendances by each director during the year were as follows

		Directors' Meetings	
		Eligible to attend	Attended
Che Metcalfe	Executive Director	9	9
Sasha Baranikov	Executive Director	9	9
Jules Maussen	Non-Executive Director	9	9
Kathy Gramp	Non-Executive Director	-	-
John Lindsay	Non-Executive Director	-	-
Graeme Barclay	Non-Executive Director	-	-


Company Secretary

Che Metcalfe was company secretary at the end of the financial year, refer to information on directors for his qualifications and experience. He resigned from this role on 8 August 2018. Peter Wildy was appointed as company secretary on 8 August 2018. He has over 20 years financial management and company secretarial experience in the construction and information technology sectors.

Auditor independence declaration

The Lead auditor's independence declaration is set out on page 24 and forms part of the directors' report for the year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.

Signed at  this 27 day of SEP 2018

UNITI WIRELESS LIMITED
A.C.N 158 957 889
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue	3	4,095,043	1,930,989
Network and hardware expenses		(1,341,364)	(1,250,108)
Employee benefits expense		(2,906,144)	(1,339,016)
Depreciation and amortisation expense		(2,063,937)	(675,092)
Promotional expenses		(836,008)	(435,803)
Professional fees		(319,612)	(119,066)
Other expenses		(603,808)	(288,470)
Finance expenses		(825,134)	(176,660)
Loss before income tax		(4,800,964)	(2,353,226)
Income tax expense	2	-	-
Net Loss		(4,800,964)	(2,353,226)
Other Comprehensive Income		-	-
Total comprehensive income for the year		(4,800,964)	(2,353,226)

The accompanying notes form part of these financial statements

UNITI WIRELESS LIMITED
A.C.N 158 957 889
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	847,060	502,309
Trade receivables	5	619,321	315,252
Deposits and Prepayments	6	209,136	67,368
Inventories		12,740	-
Total Current Assets		1,688,257	884,929
Non Current Assets			
Property and Equipment	7	5,082,258	2,208,334
Right of Use Assets	8	7,891,895	4,762,883
Intangible Asset	9	215,325	124,736
Total Non Current Assets		13,189,478	7,095,953
TOTAL ASSETS		14,877,735	7,980,882
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	1,325,249	635,826
Borrowings	11	1,232,698	604,714
Customer Contract Liability	12	131,039	87,777
Provisions	13	338,821	164,938
Total Current Liabilities		3,027,807	1,493,255
Non Current Liabilities			
Borrowings	11	8,042,005	4,553,657
Customer Contract Liability	12	437,768	307,362
Provisions	13	36,616	21,177
Total Non Current Liabilities		8,516,389	4,882,196
TOTAL LIABILITIES		11,544,196	6,375,451
NET ASSETS		3,333,539	1,605,431
EQUITY			
Issued Capital	14	11,906,563	5,377,491
Retained Earnings		(8,573,024)	(3,772,060)
TOTAL EQUITY		3,333,539	1,605,431

The accompanying notes form part of these financial statements

UNITI WIRELESS LIMITED
A.C.N 158 957 889
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
2017				
Balance at 1 July 2016		1,750,000	(1,418,834)	331,166
Share issue, net of costs tax effected	14	3,627,491	-	3,627,491
Net loss for the year		-	(2,353,226)	(2,353,226)
Balance at 30 June 2017		5,377,491	(3,772,060)	1,605,431
2018				
Share issue, net of costs tax effected	14	6,529,072	-	6,529,072
Net loss for the year		-	(4,800,964)	(4,800,964)
Balance at 30 June 2018		11,906,563	(8,573,024)	3,333,539

The accompanying notes form part of these financial statements

UNITI WIRELESS LIMITED
A.C.N 158 957 889
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers (inc GST receipts)		4,361,106	2,144,327
Payments to suppliers and employees (Inc GST)		(5,585,912)	(3,096,053)
Finance costs		(825,134)	(142,555)
Net cash outflows from operating activities	4 (b)	<u>(2,049,940)</u>	<u>(1,094,281)</u>
Cash flows from investing activities			
Payments for property plant and equipment		(3,737,764)	(1,630,610)
Payments for intangible assets		(149,180)	(91,059)
Net cash flows used in investing activities		<u>(3,886,944)</u>	<u>(1,721,669)</u>
Cash flows from financing activities			
Payments of lease liabilities		(352,302)	(290,971)
Proceeds from other debts		151,392	-
Payments of bank debt		(46,527)	(36,093)
Proceeds from issue of shares		6,993,594	3,881,500
Payments of share issue costs		(464,522)	(254,009)
Net cash flows provided by financing activities		<u>6,281,635</u>	<u>3,300,427</u>
Net Increase / (Decrease) in cash held		344,751	484,477
Cash at beginning of the financial year		502,309	17,832
Cash at end of the year	4 (a)	<u>847,060</u>	<u>502,309</u>

The accompanying notes form part of these financial statements

UNITI WIRELESS LIMITED
A.C.N 158 957 889
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Uniti Wireless Limited and Controlled Entities (the "consolidated group" or "group"). Uniti Wireless Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue on 27 September 2018 by the directors of the company.

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

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing these financial statements.

The financial report has been prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets and financial liabilities.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements.

The Group has net current liabilities of \$1,339,550 (2017: \$608,326) and has net cash outflows from operating activities of \$2,049,940 (2017: \$1,094,281).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

In response to these conditions the directors have and continue to undertake various actions to ensure the Group is able to meet its obligations. These include:

- raising \$1.675m post reporting period through a convertible note issue and have signed agreements for a \$3m loan and \$2m grant from the South Australian Financing Authority.
- the Company has entered an agreement with a Stock Broking firm with the expectation to perform an Initial Public Offering prior to December 2018.
- The Group will undertake further capital or debt raising prior to an Initial Public Offering if required.

For the reasons detailed above, the financial statements have been prepared on the basis that the Group is a going concern, which presumes the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial statements.

The Group is dependant on its ability to raise further capital to continue as a going concern, in the event the Group is unable to achieve this it will be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset carrying amounts and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they become due and payable.

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Uniti Wireless Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

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 have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

UNITI WIRELESS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(c) Property and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value or straight line basis over the asset's useful life to the group commencing from the time the asset is held ready for use. The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Useful Life	Depreciation Method
Network infrastructure	4 to 25 years	Straight line basis
Plant and equipment	3 years to 10 years	Diminishing value basis
Lease Improvements	4 to 10 years	Diminishing value basis

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset. These gains or losses are included in profit or loss.

(d) Intangibles

Intangibles are stated at cost less accumulated amortisation and any impairment losses.

The carrying amount of intangibles is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Amortisation

Amortisation is charged to the income statement on a straight line basis over the asset's useful life unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The following estimated useful lives are used in the calculation of amortisation :

Class of Intangible Asset	Useful Life	Amortisation Method
Computer software	3 years	Straight line basis

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset. These gains or losses are included in profit or loss.

(e) Impairment of Assets

At the end of each reporting period the group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Financial Instruments

Recognition

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as fair value through profit or loss. Transaction costs related to instruments classified as fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

UNITI WIRELESS LIMITED
A.C.N 158 957 889
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(g) Trade and other receivables

Receivables are recognised and carried at original invoice or contract amount less any allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. All Trade and other receivables are non interest bearing.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(i) Leases and Right-of-use assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement

The Group recognised a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are summarised below. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Class of Right of Use Asset	Useful Life	Depreciation Method
Buildings	2 to 10 years	Straight line basis
Network Infrastructure	2 years to 20 years	Straight line basis
Plant and Equipment	4 to 5 years	Diminishing value basis
Motor Vehicles	8 years	Diminishing value basis

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

UNITI WIRELESS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. Expenditures capitalised comprises all directly attributable costs including costs of materials, services and direct labour. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. The carrying value of an intangible asset arising from development expenditure is tested for impairment when an indication of impairment arises during the period.

(k) Employee Benefits

Short-term employee benefits

Provision is made for the group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of short-term provisions in the statement of financial position.

Long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid in 1 to 60 days following purchase.

All Trade and other payables are non interest bearing.

(m) Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost using the effective interest method.

(n) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

The Group principally generates revenue from providing wireless broadband services. The provision of wireless communication services includes initial installation of associated network infrastructure. The typical length of a contract for wireless broadband services is 6 years, inclusive of anticipated renewals of service.

For bundled packages, the Group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the devices and services. For items that are not sold separately, the Group estimates stand-alone selling prices using the adjusted market assessment approach.

Revenue from the provision of wireless broadband services is recognised over the expected life of the contract, including any expected extensions of the service. Installation of the internet service is not distinct from the provision of internet service as the customer cannot benefit from either the broadband service or installation alone. The installation and broadband service are therefore identified as a single performance obligation and the associated revenue is recognised over time.

UNITI WIRELESS LIMITED
A.C.N 158 957 889
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(n) Revenue (continued)

Disposal of assets

Revenue from the disposal of other assets is recognised when the group has transferred the risks and rewards of ownership to the buyer.

Interest

Interest income is recognised in profit or loss on a proportional basis taking into account the interest rates applicable to the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

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.

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.

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. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparative Figures

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

(r) Critical Accounting Estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are provided below.

Revenue Recognition

Critical estimates and judgements made in relation to revenue recognition are included in note 1(n).

Leases

Critical estimates and judgements made in relation to right of use assets and leases are included in note 1(i).

Useful life of property, plant and equipment.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in the estimates relate to obsolescence that may change the utility of certain assets. Details of useful lives used are included in note 1(c).

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1 STATEMENT OF ACCOUNTING POLICIES (continued)

(s) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principle market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2 INCOME TAX

	2018 \$	2017 \$
Income Tax expense/(benefit) comprises:		
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(benefit)	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:

Profit/(Loss) from operations before tax	(4,800,964)	(2,353,226)
Income tax calculated at 27.5% (2017: 27.5%)	(1,320,265)	(647,137)
Add:		
Other non-allowable items	56,587	30,734
Less:		
Current net deferred tax assets not recognised	1,295,063	616,403
Other deductible items	(31,385)	-
	-	-

The applicable weighted average effective tax rates are as follows:

	0.00%	0.00%
Unrecognised deferred tax relating to tax losses	1,872,358	634,111
Unrecognised deferred tax relating to temporary differences	486,805	334,490
	2,359,163	968,601

Franking Account

Balance of franking account at year end adjusted for franking credits arising from:

- payment of provision for income tax;	-	-
- dividends recognised as receivables; and	-	-
- franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years.	-	-
	-	-

No dividends have been declared or paid during the year.

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3 REVENUES AND OTHER EXPENSES

	2018 \$	2017 \$
Revenue from contracts with customers		
- Rendering of services	3,841,507	1,683,468
- Sales of Goods	112,900	-
	<u>3,954,407</u>	<u>1,683,468</u>
Other revenue:		
- Government Grants	-	165,701
- Interest revenue	6,066	-
- R&D Tax Incentive	128,570	-
- Other revenue	6,000	81,820
	<u>140,636</u>	<u>247,521</u>
Total revenue	<u>4,095,043</u>	<u>1,930,989</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major service lines. All revenue is derived in Australia and transferred to revenue over time.

	2018 \$	2017 \$
Major Service Lines		
Business income	1,154,178	563,518
Enterprise income	460,167	207,988
Residential income	2,239,495	895,524
Other	100,567	16,438
	<u>3,954,407</u>	<u>1,683,468</u>

Transaction price allocated to the remaining performance obligations

The contracts with customers are based on various plan options that can range from 0-36 months after which the customer can continue to receive the service without a need to enter into a new contract. The expected revenue from currently contracted customers, relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, has been determined using an assumption that the average customer will continue to use the service for a period of six years, which is significantly longer than the contracted term and is therefore not guaranteed to be the case.

	2019	2020	2021	2022 and beyond	Total
Wireless broadband service	5,253,698	5,253,042	5,192,933	9,903,860	25,603,533

This represents expected revenue to be recognised for currently contracted customers on the assumption they meet the estimated term of six years.

Expenses

Auditor's remuneration

Audit and review of financial statements	30,000	30,000
Corporate finance services	9,487	-
	<u>39,487</u>	<u>30,000</u>

Employee costs

Defined contribution superannuation expense	266,366	91,263
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Lease liabilities

Interest Expense on lease liabilities	130,190	132,991
Lease expense in relation to low-value assets	116,101	48,507

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	2018 \$	2017 \$
4 CASH AND CASH EQUIVALENTS		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows :-		
Cash on Hand	300	300
Cash at Bank	846,760	502,009
	<u>847,060</u>	<u>502,309</u>
(b) Reconciliation from the net surplus to the net cash flows from operations		
Profit/(Loss) for year after tax	(4,800,964)	(2,353,226)
Non cash flows:		
Depreciation and amortisation	2,063,937	675,092
Gain on derecognition of lease	-	(16,336)
Loss on disposal of plant & equipment	93,251	-
Interest	-	34,105
Changes in assets and liabilities:		
(Increase) decrease in trade receivables	(304,069)	(195,134)
(Increase) decrease in deposits and prepayments	(154,508)	(56,588)
Increase (decrease) in trade and other payables	689,423	506,779
Increase (decrease) in customer contract liability	173,668	213,533
Increase (decrease) in provisions	189,322	97,494
Net cash flows from operating activities	<u>(2,049,940)</u>	<u>(1,094,281)</u>
(c) Non-cash Financing and Investing Activities		
Right-of-use assets acquired by means of leases	4,363,769	4,683,278
5 TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	257,043	93,114
Other receivables	362,278	222,138
	<u>619,321</u>	<u>315,252</u>
Credit Risk		
The Group had a concentration of credit risk at 30 June 2018 with \$241,786 owing from the Australian Tax Office in relation to GST and R&D refunds. Geographical credit risk is limited to Australia.		
No amounts have been provided for in relation to impaired receivables		
The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.		
Past Due and Impaired	-	-
Past Due but Not Impaired - 30 days	11,708	9,645
Past Due but Not Impaired - 31-60 days	6,886	2,868
Past Due but Not Impaired - 61-90 days	7,170	2,769
Past Due but Not Impaired - 91 days plus	33,275	3,838
Within initial trade terms	560,282	296,132
	<u>619,321</u>	<u>315,252</u>
6 DEPOSITS AND PREPAYMENTS		
Current		
Deposits	18,002	32,017
Prepayments	191,134	35,351
	<u>209,136</u>	<u>67,368</u>

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	2018 \$	2017 \$
7 PROPERTY, PLANT AND EQUIPMENT		
Network Infrastructure		
At Cost	5,441,679	2,139,998
Less Provision for Depreciation	(870,683)	(302,039)
	<u>4,570,996</u>	<u>1,837,959</u>
Plant and Equipment		
At Cost	585,513	320,659
Less Provision for Amortisation	(243,403)	(88,013)
	<u>342,110</u>	<u>232,646</u>
Leasehold Improvements		
At Cost	205,497	139,968
Less Provision for Amortisation	(36,345)	(2,239)
	<u>169,152</u>	<u>137,729</u>
Total Property, Plant & Equipment	<u>5,082,258</u>	<u>2,208,334</u>
Movements in Carrying Amounts		
Network Infrastructure		
Opening Balance	1,837,959	771,385
Additions	3,407,381	1,268,493
Disposals	(93,254)	-
Depreciation charge for year	(581,090)	(201,919)
Closing Balance	<u>4,570,996</u>	<u>1,837,959</u>
Plant and Equipment		
Opening Balance	232,646	73,178
Additions	264,854	222,149
Depreciation charge for year	(155,390)	(62,681)
Closing Balance	<u>342,110</u>	<u>232,646</u>
Leasehold Improvements		
Opening Balance	137,729	-
Additions	65,529	139,968
Depreciation charge for year	(34,106)	(2,239)
Closing Balance	<u>169,152</u>	<u>137,729</u>

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	2018 \$	2017 \$
8 RIGHT OF USE ASSETS		
Buildings		
At Cost	2,128,590	2,128,590
Less Provision for Depreciation	(523,293)	(105,817)
	<u>1,605,297</u>	<u>2,022,773</u>
Network Infrastructure		
At Cost	6,560,433	2,358,865
Less Provision for Depreciation	(851,359)	(202,290)
	<u>5,709,074</u>	<u>2,156,575</u>
Plant and Equipment		
At Cost	130,190	130,190
Less Provision for Amortisation	(42,282)	(13,056)
	<u>87,908</u>	<u>117,134</u>
Motor Vehicles		
At Cost	699,902	537,701
Less Provision for Amortisation	(210,286)	(71,300)
	<u>489,616</u>	<u>466,401</u>
Total Right of Use Assets	<u>7,891,895</u>	<u>4,762,883</u>
Movements in Carrying Amounts		
Buildings		
Opening Balance	2,022,773	559,836
Additions	-	2,039,849
Derecognition of lease	-	(424,045)
Depreciation charge for year	(417,476)	(152,867)
Closing Balance	<u>1,605,297</u>	<u>2,022,773</u>
Network Infrastructure		
Opening Balance	2,156,575	269,873
Additions	4,201,568	2,044,697
Depreciation charge for year	(649,069)	(157,995)
Closing Balance	<u>5,709,074</u>	<u>2,156,575</u>
Plant and Equipment		
Opening Balance	117,134	-
Additions	-	130,190
Depreciation charge for year	(29,226)	(13,056)
Closing Balance	<u>87,908</u>	<u>117,134</u>
Motor Vehicles		
Opening Balance	466,401	53,733
Additions	162,201	468,542
Depreciation charge for year	(138,986)	(55,874)
Closing Balance	<u>489,616</u>	<u>466,401</u>

Refer to Note 11 for information on the lease liabilities related to these right of use assets.

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	2018 \$	2017 \$
9 INTANGIBLE ASSETS		
Computer software		
At Cost	311,392	162,212
Less Provision for Amortisation	(96,067)	(37,476)
	<u>215,325</u>	<u>124,736</u>
Movements in Carrying Amounts		
Computer software		
Opening Balance	124,736	62,138
Additions	149,180	91,059
Amortisation charge for year	(58,591)	(28,461)
Closing Balance	<u>215,325</u>	<u>124,736</u>
10 TRADE AND OTHER PAYABLES		
Current		
Trade payables	972,829	342,804
Other payables	352,420	293,022
	<u>1,325,249</u>	<u>635,826</u>
11 BORROWINGS		
Current		
Lease liability	886,504	566,602
Bank loans	209,311	38,112
Other loans	136,883	-
	<u>1,232,698</u>	<u>604,714</u>
Non-Current		
Lease liability	8,027,496	4,335,931
Bank loans	-	217,726
Other loans	14,509	-
	<u>8,042,005</u>	<u>4,553,657</u>

Description of Lease Arrangements

The Group leases land and buildings for its office space as well as network infrastructure, plant and equipment and motor vehicles. The typical period of these leases is summarised below. Where leases include an option to renew the lease after the end of the contract term, the Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Some leases provide for additional rental payments that are based on changes in consumer price indices.

Lease Category	Term of Lease	Renewal Option Available
Buildings	2 to 5 years	2 to 5 years
Network Infrastructure	2 years to 10 years	1 to 15 years
Plant and Equipment	4 to 5 years	None
Motor Vehicles	8 years	None

Maturity analysis - contractual undiscounted cash flows for lease liabilities

Less than one year	1,235,756	673,899
One to five years	4,639,291	2,818,312
More than five years	7,564,778	2,833,415
Total undiscounted lease liabilities at 30 June	<u>13,439,825</u>	<u>6,325,626</u>
Total cash outflow on leases (includes principal and interest)	947,273	464,048

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	2018 \$	2017 \$
12 CUSTOMER CONTRACT LIABILITY		
Current		
Customer Contract Liability	131,039	87,777
	<u>131,039</u>	<u>87,777</u>
Non-Current		
Customer Contract Liability	437,768	307,362
	<u>437,768</u>	<u>307,362</u>
Movement in Customer Contract Liability		
Opening Balance	395,139	181,606
Revenue recognised from opening balance	(110,212)	(45,520)
Revenue deferred during the period	283,880	259,053
Closing Balance	<u>568,807</u>	<u>395,139</u>

For the Group's major revenue stream, there are two performance obligations, the delivery of hardware to facilitate connection and the delivery of internet service. Payments are received as part of the delivery and installation process and then services are settled monthly. Amounts received in relation to installation income is combined with expected monthly payments for the total transaction price. Installation is not considered to be a performance obligation as it is not distinct from the service provision on the basis that customers must use the Group's installation team to obtain access to service.

On this basis, the customer contract liability increases as customers join with the installation invoices effectively amortised across the expected customer life of six years. Revenue is recognised on a straight line basis over time as the Group's inputs are expended evenly throughout the performance period.

13 PROVISIONS

Employee benefits current	338,821	164,938
Employee benefits non-current	36,616	21,177
	<u>375,437</u>	<u>186,115</u>

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave.

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	2018		2017	
	\$		\$	
14 SHARE CAPITAL				
2,945,017 (2017: 2,113,827) fully paid ordinary shares		11,906,563		5,377,491
Total		<u>11,906,563</u>		<u>5,377,491</u>
Ordinary shares have no par value.				
Movements in ordinary shares	2018	2018	2017	2017
	No	\$	No	\$
At the beginning of reporting period	2,113,827	5,377,491	1,434,077	1,750,000
Shares issued during year				
- 1 August 2016	-	-	220,000	550,000
- 17 November 2016	-	-	110,000	550,000
- 6 February 2017	-	-	10,500	67,500
- 8 February 2017	-	-	40,000	320,000
- 13 February 2017	-	-	6,250	50,000
- 16 February 2017	-	-	18,750	150,000
- 20 February 2017	-	-	31,250	250,000
- 21 February 2017	-	-	6,500	52,000
- 23 February 2017	-	-	12,500	100,000
- 24 February 2017	-	-	62,500	500,000
- 27 February 2017	-	-	21,875	175,000
- 28 February 2017	-	-	31,250	250,000
- 2 March 2017	-	-	15,000	120,000
- 3 March 2017	-	-	12,500	100,000
- 6 March 2017	-	-	40,625	325,000
- 21 March 2017	-	-	21,250	170,000
- 1 April 2017	-	-	14,000	112,000
- 21 April 2017	-	-	5,000	40,000
- 7 September 2017	2,570	16,600	-	-
- 21 December 2017	296,500	2,372,000	-	-
- 15 January 2018	528,120	4,753,080	-	-
- 14 February 2018	4,000	36,000	-	-
Less transaction costs, net of tax	-	(648,608)	-	(254,009)
At the end of the reporting period	<u>2,945,017</u>	<u>11,906,563</u>	<u>2,113,827</u>	<u>5,377,491</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15 FINANCIAL INSTRUMENTS

(a) Capital risk management

Management controls the capital of the group in order to ensure that the group can fund its operations and continue as a going concern.

The group's financial structure includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

(b) Categories of financial instruments

	2018 \$	2017 \$
<i>Financial Assets</i>		
Loans and receivables	619,321	315,252
Cash and cash equivalents	847,060	502,309
<i>Financial Liabilities</i>		
Financial liabilities at amortised cost		
- Trade and other payables	1,325,249	635,826
- Borrowings	9,274,703	5,158,371

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the group approximates their carrying value.

(d) Financial risk management objectives

The group's financial instruments consist of deposits with banks, trade receivables and payables incurred in the normal course of operations. The group does not have any significant derivative financial instruments at 30 June 2018.

The senior executives of the group meet regularly to analyse interest rate exposure to determine if it is appropriate in the current economic climate.

(e) Market risk

The group's activities expose it primarily to the financial risk of changes in interest rates. The group analyses its risk by considering sensitivity interest rate exposures and determining the potential impact on its effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time. The group does not have a material market risk exposure.

(f) Credit Risk Exposures

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group does not have a material credit risk exposure.

(g) Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

Liquidity risk is managed by monitoring forecast cash flows and ensuring that the group's operations are adequate to meet liabilities due.

16 KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to KMP of the company and the Group during the year are as follows;

Short-term employee benefits	365,533	279,407
Post-employment benefits	34,726	26,544
Total KMP compensation	400,259	305,951

Short-term employee benefits

These amounts include all salary, paid leave benefits and fringe benefits paid to directors and KMP

Post-employment benefits

These amounts are the superannuation contributions made during the year.

Key management personnel of the Group are the executive directors of the Board.

UNITI WIRELESS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	2018 \$	2017 \$
17 PARENT ENTITY		
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards		
Statement of Financial Position		
ASSETS		
Current assets	1,688,257	884,929
Non-current assets	13,189,778	7,096,253
TOTAL ASSETS	14,878,035	7,981,182
LIABILITIES		
Current liabilities	3,028,107	1,493,555
Non-current liabilities	8,516,389	4,882,196
TOTAL LIABILITIES	11,544,496	6,375,751
EQUITY		
Issued Capital	11,906,563	5,377,491
Retained Earnings	(8,573,024)	(3,772,060)
	3,333,539	1,605,431
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(4,800,964)	(2,353,226)
Total comprehensive income	(4,800,964)	(2,353,226)

The parent company has not entered into any guarantees in relation to the debts of its subsidiaries. Details of any contractual commitments of the parent entity are disclosed in Note 11 in this financial report.

18 INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are directly held by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership interest held by the Group	
		2018 %	2017 %
Uniti Play Pty Ltd	Adelaide, Australia	100%	100%
Uniti Air Pty Ltd	Adelaide, Australia	100%	100%
Uniti Health Pty Ltd	Adelaide, Australia	100%	100%

19 COMPANY DETAILS

The registered office of the company and principal place of business is Level 1, 44 Currie Street, Adelaide SA 5000.

20 RELATED PARTIES

From time to time, directors may acquire goods or services from the Group in the ordinary course of the Group's business. Such agreements are trivial or domestic in nature and are on commercial terms and the same terms applicable to other customers and staff.

21 EVENTS AFTER THE REPORTING PERIOD

The Group undertook an issue of convertible notes in July 2018 raising \$1,675,000 in August 2018, approved at a general meeting on 7 September 2018. The notes will convert at a price equivalent to a 20% discount to a listing price, if the Company undertakes an IPO prior to 31st December 2018, a 30% discount if a listing takes place between Dec 18 and Jun 19 and a 40% discount if after June 19. Interest is payable or consolidated and converted at a rate of 8% per annum.

The Group reviewed and after some negotiation signed the loan component of the South Australian Government Future Jobs Fund on the 17th July 2018. The loan component (\$3m) was received on the 26th July and the grant component, which requires funds to be matched by the group, will be claimed and received during the 2019 financial year. The funds are to be used to assist the Group with its national expansion. The loan requires quarterly payments of principal and interest with the final repayment four years from inception. The interest rate is set at 2.57%. The grant is available to be drawdown over three distinct tranches based on active customer services, with the first two customer targets being met at the date of this report. The grant is repayable if employment target are not achieved on a pro-rata basis with the initial target applying to the 30 June 2019 financial year.

UNITI WIRELESS LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position of the Group as at 30 June 2018 and of its performance for the year ended on that date.
- 2 The company has included in the notes to the financial statements as explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 3 In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board.

C. Whitely

Signed on this 27 day of Sep 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Uniti Wireless Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Jon Colquhoun
Director

Adelaide, South Australia
27 September 2018

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097

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Independent Auditor's Report

To the members of Uniti Wireless Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Uniti Wireless Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) 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 then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1(a) in the financial report, which indicates that the Group incurred a net loss of \$4,800,964 and net cash outflows from operating activities of \$2,049,940 during the year ended 30 June 2018 and, as of that date, the current liabilities exceeded its current assets by \$1,359,550. The Group's ability to continue as a going concern is dependent on raising further capital. These events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
27 September 2018



Jon Colquhoun
Director

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