ASX RELEASE

25 August 2016

OVER THE WIRE HOLDINGS LIMITED PRELIMINARY FULL YEAR RESULTS TO 30 JUNE 2016

FY16 Financial Highlights

- Revenue of $23.611m, 6% above Prospectus Statutory Forecast
- EBITDA of $5.423m, 20% above Prospectus Statutory Forecast
- NPAT of $2.847m, 37% above Prospectus Statutory Forecast

Over the Wire Holdings Limited (ASX:OTW) is pleased to announce its preliminary financial results for the year ended 30 June 2016 (FY16). Key financial highlights from the results include:

	FY16	FY15	% Change
Revenue	$23.611m	$16.141m	46%
EBITDA	$5.423m	$3.530m	54%
EBITDA Margin	23%	22%	
NPAT	$2.847m	$1.967m	45%

Commenting on the FY16 results, Managing Director Michael Omeros said, "We are delighted to have exceeded our prospectus targets. Our positive overall performance has been delivered through excellent growth across all of our product lines. We have again achieved strong organic growth and our pipeline is expanding well through our sales and marketing initiatives. We believe we are well positioned to continue to deliver revenue growth into FY17 at existing EBITDA margins."

Business Performance

Revenue from Ordinary Activities for the year was $23.611m (FY15: $16.141m), representing an increase of 46% on the previous year. The result demonstrates strong demand from customers across all four product lines including:

	FY16	FY15	% Change
Data Networks	$10.456m	$8.200m	28%
Voice	$7.895m	$4.202m	88%
Cloud / Managed Services	$2.698m	$1.837m	47%
Co-location	$2.562m	$1.901m	35%

The Group delivered a NPAT of $2.847m (FY15: $1.967m), representing an increase of 45% on the previous year. EBITDA was $5.423m (FY15: $3.530m), representing an increase of 54% on the previous year. Michael Omeros commented, “This 54% increase in EBITDA was achieved whilst incurring the one-off costs of listing on the ASX in December 2015, as well as investing significant expenditure in the expansion of the sales and marketing function as part of our geographic expansion plans”.

As at 30 June 2016 the Group has $7.042m in cash or cash equivalents with a net cash position of $6.017m[1]. This represents an increase in net cash of $1.870m in the last six months, primarily generated from Cash from Operating Activities.

Dividends

It is the Board’s intention to pay a final dividend of 1 cent per share fully franked, covering the period from Listing until 30 June 2016, in October 2016.

Positive Outlook

Our business performance is pleasing and tracking in line with the Group’s expectations, and we continue to generate strong cash flow and maintain a strong balance sheet. We remain well positioned to continue our organic growth and pursue further acquisition opportunities.

1. Net Cash Position = Cash and Cash Equivalents – Borrowings – Deferred Consideration

ENDS

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About Over the Wire Holdings Limited

Over the Wire Holdings Limited (ASX: OTW) is an ASX listed telecommunications, cloud and IT solutions provider that has a national network with points of presence in all major Australian capital cities and Auckland, NZ. The company offers an integrated suite of products and services to business customers including Data Networks and Internet, Voice, Data Centre co-location, Cloud and Managed Services.

Over the Wire Holdings Limited companies include Over the Wire, NetSIP, Faktortel and Sanity Technology.

OVER THE WIRE HOLDINGS LIMITED

ACN 151 872 730

APPENDIX 4E

PRELIMINARY CONSOLIDATED FINAL REPORT

30 June 2016

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APPENDIX 4E – PRELIMINARY FINAL REPORT

UNDER ASX LISTING RULE 4.3A FOR THE YEAR ENDED 30 JUNE 2016

Current Period	1 July 2015 to 30 June 2016
Prior corresponding period (PCP)	1 July 2014 to 30 June 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET:

KEY INFORMATION:

	CONSOLIDATED			
	2016	**2015**	**Change**	**Change**
	$,000	$,000	$,000	%
Revenue from Ordinary Activities	23,611	16,141	7,470	46%
Profit / (Loss) after Tax from Ordinary Activities Attributable to Members	2,847	1,967	880	45%
Profit / (Loss) Attributable to Members	2,847	1,967	880	45%
Earnings Per Share	**Cents**	**Cents**		
Basic Earnings per Share	7.375	6.202		
Diluted Earnings per Share	7.375	6.202		

Dividends Paid and Proposed

No dividends have been declared during the 12 months ended 30 June 2016.

Subsequent Events

It is the Board's intention to pay a final dividend of 1 cent per share fully franked, covering the period from Listing until 30 June 2016, in October 2016.

COMMENTARY ON RESULTS FOR THE PERIOD

SIGNIFICANT FEATURES OF OPERATING PERFORMANCE:

Refer to the attached preliminary consolidated financial report and accompanying market release.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 28 July 2015, the company acquired Faktortel Holdings Pty Ltd and the entities it controlled. Faktortel Holdings Pty Ltd provides VoIP services to business and residential customers. The company has acquired Faktortel Holdings Pty Ltd for the following reasons:

- Increased volume and revenue for the Voice division
- Geographic expansion as Faktortel clients are more heavily weighted to NSW and VIC
- EBITDA accretion
- Ability to cross-sell non-voice products into the Faktortel client base
- Cost savings due to replication of infrastructure with other companies in the consolidated entity

The Faktortel Holdings Pty Ltd acquisition contributed $321,952 of Net Profits After Tax from ordinary activities to the profits of the consolidated entity.

On 25 September 2015, the company registered a new subsidiary, OTW Corp Pty Ltd. The company acts as a central provider of corporate services to the group, including employing all staff, providing office and administration services, etc, for which it charges a fee to the members of the group. The net profit after tax contribution by this company to the Group was $9,048.

On 30 November 2015, the company acquired Sanity Holdings Pty Ltd (Trading as Sanity Technology); a data centre business, based in Brisbane with a national customer base. Sanity Technology provides data centre colocation and cloud based services to business customers. The company has acquired Sanity Technology for the following reasons:

- Increased data centre colocation footprint in Brisbane
- Increased revenue for the colocation division
- EBITDA accretion
- Ability to cross-sell data and voice products into the Sanity Technology client base
- Cost savings due to replication of infrastructure with other companies in the consolidated entity

The Sanity Technology acquisition contributed $186,313 of Net Profits After Tax from ordinary activities to the profits of the consolidated entity.

The company completed an Initial Public Offering of 10 million dollars and gained admission to the ASX on 3 December 2015.

On 1 April 2016, the company acquired assets of Access Wireless and Cable Pty Ltd (Spiderbox); a privately held telecommunications company which employs 9 staff and services approximately 100 business customers with products such as data, voice and cloud services. The company has acquired SpiderBox for the following reasons:

- Increased revenue for the data, voice and cloud / managed services divisions
- EBITDA accretion
- New staff members with complimentary skill sets
- Fibre asset at Brisbane Technology Park (BTP).

DEREGISTERED ENTITIES

During the current year Celentia Pty Ltd, EcoHost Pty Ltd and Spartan IT Pty Ltd were deregistered. The dates that the entities ceased to be part of the consolidated entity are as follows:

- Celentia Pty Ltd (Deregistered 07 October 2015)
- EcoHost Pty Ltd (Deregistered 07 October 2015)
- Spartan IT Pty Ltd (Deregistered 07 October 2015)

Due to these entities having remained dormant for an extended period of time, the profit/loss from these discontinued operations are immaterial to the consolidated entity, and have not been shown separately in the consolidated statement of comprehensive income.

EXPLANATION OF KEY INFORMATION AND DIVIDENDS

Net Tangible Assets Per Security	**30 June 2016**	**30 June 2015**
Net tangible assets per share	$0.17	$0.05

For comparative purposes, Net Tangible assets per security at 30 June 2015 has been recalculated using the number of shares on issue at 30 June 2015, adjusted for the effect of the share split performed just prior to admission to the ASX on 3 December 2015.

STATUS OF AUDIT

The 30 June 2016 financial statements and accompanying notes for Over the Wire Holdings Limited and its controlled entities are in the process of being audited and are not currently subject to any disputes or qualifications.

OTHER DISCLOSURE REQUIREMENTS

The attached preliminary consolidated financial report covers Over the Wire Holdings Limited as a consolidated entity consisting of Over the Wire Holdings Limited and the entities it controls. This report does not include all the notes normally included in an annual consolidated financial report.

This document should be read in conjunction with the attached preliminary consolidated financial report, the December 2015 half-year report and any public announcements made by Over the Wire Holdings Limited and its controlled entities during the year ended 30 June 2016 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

The financial report was authorised for issue, in accordance with a resolution of directors on 25 August 2016. The directors have the power to amend and/or reissue the financial report.

Authorisation

Mike Stabb

Company Secretary

25 August 2016

Attachment 1: Forming Part Of Appendix 4E

Preliminary Consolidated Financial Report

Consolidated Statement Of Comprehensive Income

For Year Ended 30 June 2016

	Note	Consolidated 30 Jun 2016 $,000	30 Jun 2015 $,000
Revenue from Continuing Operations	2	23,611	16,141
Other Income		282	12
Expenses			
Data Centre & Co-Location Expense		(1,867)	(1,397)
Calls & Communications Expense		(7,587)	(5,850)
Employee Benefits Expense		(6,076)	(3,929)
Depreciation & Amortisation Expense		(1,243)	(720)
Finance Costs		(86)	(60)
Other Expenses	3	(2,940)	(1,447)
Profit before Income Tax Expense		**4,094**	**2,750**
Income Tax Expense		(1,248)	(783)
Profit after Income Tax Expense for the Year attributable to the owners of The consolidated entity		**2,847**	**1,967**
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year, net of Tax		-	-
Total Comprehensive Income for the Year attributable to the owners of The consolidated entity		**2,847**	**1,967**
		Cents	**Cents**
Basic Earnings per Share	4	7.375	6.202
Diluted Earnings per Share	4	7.375	6.202

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	CONSOLIDATED 30 Jun 2016 $,000	 30 Jun 2015 $,000
Assets			
Current Assets			
Cash & Cash Equivalents	5	7,042	2,160
Trade & Other Receivables	6	1,836	959
Inventories		39	51
Other			
Other Current Assets		232	103
Total Current Assets		9,149	3,273
Non-Current Assets			
Property, Plant & Equipment		3,478	2,056
Intangibles	7	8,628	234
Deferred Tax		296	164
Total Non-Current Assets		12,402	2,454
Total Assets		**21,551**	**5,727**
Liabilities			
Current Liabilities			
Trade & Other Payables	8	2,440	1,194
Borrowings	9	86	237
Current Tax Liability		1,437	646
Employee Benefits		412	251
Other			
Deferred Consideration	11(d)	176	-
Total Current Liabilities		4,551	2,328
Non-Current Liabilities			
Borrowings	9	252	1,344
Employee Benefits		81	25
Other			
Deferred Consideration	11(d)	511	-
Total Non-Current Assets		844	1,369
Total Liabilities		**5,395**	**3,697**
Net Assets		**16,156**	**2,030**
Equity			
Issued Capital	10	11,280	1
Retained Profits		4,876	2,029
Total Equity		**16,156**	**2,030**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2016

CONSOLIDATED	Note	ISSUED CAPITAL $,000	RESERVES $,000	RETAINED PROFITS $,000	TOTAL EQUITY $,000
Balance at 1 July 2014		1	-	1,562	1,563
Profit after Income Tax for the Year		-	-	1,967	1,967
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		1	-	1,967	1,967
Transactions with owners, in their capacity as owners:					
Dividends Paid		-	-	(1,500)	(1,500)
Share Issued Net of Capital Raising Costs		-	-	-	-
Other		-	-	-	-
Balance at 30 June 2015		**1**	**-**	**2,029**	**2,030**

CONSOLIDATED	Note	ISSUED CAPITAL $,000	RESERVES $,000	RETAINED PROFITS $,000	TOTAL EQUITY $,000
Balance at 1 July 2015		1	-	2,029	2,030
Profit after Income Tax for the Year		-	-	2,847	2,847
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		1	-	2,847	2,847
Transactions with owners, in their capacity as owners:					
Dividends Paid		-	-	-	-
Shares Issued Net of Capital Raising Costs	10	11,279	-	-	11,279
Other		-	-	-	-
Balance at 30 June 2016		**11,280**	**-**	**4,876**	**16,156**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 30 Jun 2016 $,000	30 Jun 2015 $,000
Cash Flows from Operating Activities			
Receipts from Customers		25,424	17,653
Payments to Suppliers & Employees		(19,558)	(14,497)
		5,866	3,156
Interest Received		30	12
Interest Paid & Other Finance Costs Paid		(86)	(60)
Income Taxes paid		(590)	(226)
Net Cash From / (Used) in Operating Activities		5,220	2,882
Cash Flows from Investing Activities			
Payments for Purchases of Businesses (net of cash acquired)		-	-
Payments for Acquisition Of Subsidiary / Intangibles (net of cash acquired)		(8,776)	-
Payments for Property, Plant & Equipment		(2,287)	(793)
Proceeds from Sale of Investments		-	51
Proceeds from Sale of Property, Plant & Equipment		-	-
Net Cash From / (Used) Investing Activities		(11,063)	(742)
Cash Flows from Financing Activities			
Proceeds from Issue of Shares		11,279	-
Proceeds from Borrowings / (Repayment of Borrowings)		(554)	921
Dividends Paid		-	(1,500)
Net Cash From / (Used) Financing Activities		10,725	(579)
Net Increase / (Decrease) in Cash & Cash Equivalents		4,882	1,561
Cash & Cash Equivalents at the Beginning of the Year		2,160	599
Cash & Cash Equivalents at the End of the Year		**7,042**	**2,160**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The preliminary consolidated financial report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The preliminary consolidated financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for Over the Wire Holdings Limited for the financial year ended 30 June 2015, the December 2015 half-year report and any public announcements made by Over the Wire Holdings Limited and its controlled entities during the year ended 30 June 2016 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

The preliminary consolidated financial report was authorised for issue by the Directors on 25 August 2016.

Basis of preparation

The preliminary financial report has been prepared on an accruals and going concern basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The same accounting policies and methods of computation have been followed in this financial report as were applied in the most recent annual and interim financial statements, except for those outlined below. Where appropriate, comparative information is reclassified to enhance comparability.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The directors do not anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: Restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- Recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- By applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- Additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: OPERATING SEGMENTS & PRODUCT LINES

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources. The CODM considers that the business has one reportable segment, being IT and Telecommunications. Therefore, all segment assets and liabilities, and the segment result, relate to one business segment and consequently no detailed segment analysis has been prepared.

Product Lines are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to product lines and assessing their performance. This is also the basis on which the board receive internal management results.

Product Line Information provided to the Chief Operating Decision Makers ('CODM').

The breakdown of revenue has been shown below geographically and by Product Line.

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Revenue by Product line		
Data Networks and Internet	10,456	8,200
Voice	7,895	4,202
Cloud and Managed Services	2,698	1,837
Data Centre Co-location	2,562	1,901
Total Revenue by Product line	**23,611**	**16,141**
Revenue by Geographic Area		
Australasia	23,611	16,141
Total Revenue by Geographic Area	**23,611**	**16,141**

NOTE 3: OTHER EXPENSES

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Reseller Commissions Paid	94	154
IPO & Share Issuance Costs	334	-
Legal, Accounting & Business Acquisition Costs	313	52
Rent	238	145
Licenses & Subscriptions	162	57
Travel & Marketing	169	62
All Other COGS	1,125	665
All Other Expenses	505	312
Total Other Expenses	**2,940**	**1,447**

Other expenses increased largely due to additional service contracts and other agreements as a result of the acquisitions of Faktortel Holdings Pty Ltd, Sanity Technology and the assets of Spiderbox as well as IPO and share issuance costs.

NOTE 4: EARNINGS PER SHARE

	CONSOLIDATED	
	30 Jun 2016	**30 Jun 2015**
Reconciliation Of Earnings To Profit or Loss	**$,000**	**$,000**
Earnings Used To Calculate Basic Earnings Per Share	2,847	1,967
Earnings Used To Calculate Diluted Earnings Per Share	2,847	1,967
Weighted Average Number Of Ordinary Shares	**,000**	**,000**
Weighted Average Number Of Ordinary Shares Outstanding During The Year Used In Calculating Basic Earnings Per Share	38,596	31,725
Weighted Average Number Of Ordinary Shares Outstanding During The Year Used In Calculating Dilutive Earnings Per Share	38,596	31,725
	Cents	Cents
Basic Earnings Per Share (Cents Per Share)	7.375	6.202
Diluted Earnings Per Share (Cents Per Share)	7.375	6.202
Net Tangible Assets Per Share	**$,000**	**$,000**
Net Amount	7,233	1,631
	Cents	Cents
Per Share (Cents)	0.17	0.05

NOTE 5: CURRENT ASSETS – CASH & CASH EQUIVALENTS

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Cash & Cash Equivalents		
Cash on Hand	1	1
Cash at Bank	7,041	2,159
Total Cash & Cash Equivalents	**7,042**	**2,160**
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balance as above	7,042	2,160
Bank Overdrafts	-	-
Balance as per Statement of Cash Flows	**7,042**	**2,160**

Cash and cash equivalent movements for the period were largely due to capital raised through the issue of shares as well as cash paid for the acquisitions of Faktortel Holdings Pty Ltd, Sanity Technology and the assets of Spiderbox.

NOTE 6: CURRENT ASSETS – TRADE & OTHER RECEIVABLES

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Trade Receivables	1,220	758
Less: Provision for Doubtful Debts	(109)	(21)
	1,111	737
Other Receivables	725	222
Total Trade and Other Receivables	**1,836**	**959**

Trade and Other Receivables increased largely due to the inclusion of the Debtors and Receivables of the acquired companies Faktortel Holdings Pty Ltd and Sanity Technology as well as the new business customers delivered by Spiderbox.

NOTE 7: NON-CURRENT ASSETS – INTANGIBLES

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Intangibles		
Goodwill – at cost	767	-
	767	-
Brand Value – at cost	2,750	-
	2,750	-
Location and Right-to-Use – at cost	1,817	486
Less: Accumulated amortisation	(212)	(252)
	1,605	234
Customer Lists – at cost*	3,790	-
Less: Accumulated amortisation*	(284)	-
	3,506	-
Total Intangibles	**8,628**	**234**

* The economic value of the customer lists recognised on acquisition of the assets of Spiderbox is Provisional in nature as at the date of these interim financial statements and is included above. Refer to Note 11 for further details.

NOTE 8: CURRENT LIABILITIES – TRADE & OTHER PAYABLES

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Trade & Other Payables		
Trade Payables	1,026	421
GST Payable	309	184
Employee Entitlements	130	70
Other payables	975	519
Total Trade and Other Payables	**2,440**	**1,194**

Trade and Other Payables increased largely due to the inclusion of the Creditors and Payables of the acquired companies Faktortel Holdings Pty Ltd, Sanity Technology and Spiderbox.

NOTE 9: CURRENT AND NON-CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Borrowings (Current)		
Chattel Mortgage (Motor Vehicles)	22	22
Cisco Finance Lease	64	-
ANZ Commercial Bill	-	214
Total Current Borrowings	**86**	**237**
Borrowings (Non-Current)		
Chattel Mortgage (Motor Vehicles)	58	80
Cisco Finance Lease	195	-
ANZ Commercial Bill	-	1,264
Total Non-Current Borrowings	**252**	**1,344**

Borrowings decreased largely due to Over the Wire Pty Ltd paying off its commercial bill with ANZ during the reporting period.

NOTE 10: EQUITY – ISSUED CAPITAL

	CONSOLIDATED	
	30 Jun 2016 $,000	**30 Jun 2015** $,000
Issued Capital		
Ordinary Shares – Fully Paid	11,280	1
Total Issued Capital	**11,280**	**1**

Movements in ordinary share capital

	Date	No. of Shares	Issue Price	Paid up Amount
			$	$,000
Balance	01 Jul 15	100,000	0.01	1
Share Split Incremental Shares	02 Nov 15	31,624,973	0.00	0
Issue of shares	30 Nov 15	10,000,000	1.00	10,000
Employee Share Plan	30 Nov 15	48,000	1.00	48
Shares issued on Acquisitions	30 Nov 15	1,727,027	1.00	1,727
Capitalised Costs of Share Capital Issue	30 Nov 15	-	-	(496)
Balance	**30 Jun 16**	**43,500,000**		**11,280**

Movements in ordinary share capital

	Date	No. of Shares	Issue Price	Paid up Amount
			$	$,000
Balance	1 Jul 14	100,000	0.01	1
Issues of shares	-	-	-	-
Employee Share Plan	-	-	-	-
Balance	**30 Jun 15**	**100,000**		**1**

NOTE 11: BUSINESS COMBINATIONS

(a) Acquisition of Faktortel Holdings Pty Ltd (Trading as Faktortel)

On 28 July 2015, the company acquired Faktortel Holdings Pty Ltd and the entities it controlled (“The Faktortel Group”), which is formed by Faktortel Pty Ltd and Aero Telecom Pty Ltd, The Faktortel Group is one of Australia’s largest managed VoIP providers offering a range of products and services to SMEs and residential users. The Faktortel Group is based on the Gold Coast with a national customer base and was privately owned. Prior to its acquisition, the Faktortel Group was a customer of the company, which provided management with the opportunity to observe the group’s business for a number of years.

(b) Acquisition of Sanity Holdings Pty Ltd (Trading as Sanity Technology)

On 30 of November 2015, the company acquired Sanity Technology, a data centre business, based in Brisbane with a predominately national customer base, which offers a fully managed hosting solution to its customers. The Sanity Technology business is close to capacity but has demand for growth. This demand for growth provides an opportunity to utilise the existing data centre capacity of the consolidated entity.

(c) Acquisition of business assets from Access Wireless and Cable Pty Ltd (Trading as Spiderbox)

On 01 April 2016, the company acquired the assets of Access Wireless and Cable Pty Ltd (Spiderbox), a privately held telecommunications company that owns a fibre footprint in Brisbane Technology Park, and employs 9 staff and services approximately 100 business customers with products such as data, voice and cloud services.

(d) Details on acquisitions

Company	Primary Business Division	Acquisition	Purchase Price	Intangibles Acquired	Shares Issued to Settle	Cash to Settle	Deferred Considera-tion
			$,000	$,000	Units	$,000	$,000
Faktortel Group *(finalised)*	Voice	100% of shares	5,348	5,191	1,374,081	3,681	-
Sanity Technology *(finalised)*	Data Centre Co-location	100% of shares	3,397	3,287	352,946	2,294	750
Spiderbox *(provisional)*	Voice, Data, Co-location	100% of Assets	700	256	-	700	-
Total			**9,445**	**8,734**	**1,727,027**	**6,675**	***750**

The company has engaged the services of independent consultants to provide the economic valuation of the acquisition of the assets of Spiderbox including purchase price, net assets acquired and intangibles (both identifiable and goodwill). As such, at the date of these financial statements, the amounts noted in relation to the acquisition are provisional. Once finalised, provisional amounts will be retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

With respect to the acquisition of Sanity Technology, the overall purchase consideration included deferred consideration, payments which are to be paid by the Company to the vendor upon the release of each of the financial accounts for the financial years 2016, 2017 and 2018. The quantum of each of the deferred consideration payments will depend upon the revenue achieved by Sanity Technology in each of the respective years, however:

(a) The maximum amount of each of the respective payment will not exceed 5% of the purchase price for the 2016 financial year, and 10% of the purchase price for the 2017 and 2018 financial years; and
(b) No deferred consideration will be payable in circumstances where Sanity Technology fails to achieve a minimum revenue amount of $1.0 million in each applicable year.

Under the agreement, the vendor and its affiliates are restrained for five years from engaging in business similar to or in competition with the business of Sanity Technology in Australia, including being restrained from inducing an employee of Sanity Technology to terminate their employment or soliciting any clients of Sanity Technology. The vendor has provided customary warranties (including those relating to the share capital of Sanity Technology) that there are no liabilities or encumbrances, information relating to the accounts and records of Sanity Technology and tax related matters.

* Deferred consideration as at 30 June 2016 has been written down to 687,000 recognising a provision against the expected amount payable in relation to the 2017 financial year.

The assets and liabilities recognised as a result of the acquisitions are as follows:

Sanity Holdings Pty Ltd

	30 Nov 2015 $,000
Assets	
Current Assets	
Cash & Cash Equivalents	35
Trade & Other Receivables	36
Inventories	-
Other Assets	24
Total Current Assets	96
Non-Current Assets	
Property, Plant & Equipment	127
Intangibles	-
Total Non-Current Assets	127
Total Assets	**223**
Liabilities	
Current Liabilities	
Trade & Other Payables	94
Borrowings	-
Income Tax	19
Short-term Provisions	-
Total Current Liabilities	113
Non-Current Liabilities	
Borrowings	-
Total Non-Current Assets	-
Total Liabilities	**113**
Net Assets	**110**

Faktortel Holdings Pty Ltd

	28 Jul 2015 $,000
Assets	
Current Assets	
Cash & Cash Equivalents	205
Trade & Other Receivables	353
Inventories	8
Other Assets	97
Total Current Assets	664
Non-Current Assets	
Property, Plant & Equipment	8
Intangibles	34
Total Non-Current Assets	42
Total Assets	**707**
Liabilities	
Current Liabilities	
Trade & Other Payables	365
Borrowings	-
Income Tax	147
Short-term Provisions	12
Total Current Liabilities	523
Non-Current Liabilities	
Deferred Tax Liabilities	26
Employee Benefits	-
Total Non-Current Assets	26
Total Liabilities	**549**
Net Assets	**157**

Acquired Intangibles

		Description	Brand Value	Location / Right-to-Use	Customer List / Relationships	Goodwill	TOTAL
		Class:	Indefinite Life	Limited Life	Limited Life	Indefinite Life	
		Treatment:	Impaired	Amortised and Impaired	Amortised and Impaired	Impaired	
		Rate:		Length of Lease	Churn/ Retention Rate		
	$,000		$,000	$,000	$,000	$,000	$,000
Sanity							
Purchase Price:	3,397						
Less: Identifiable Net Assets	(110)						
Intangible Assets upon Acquisition	**3,287**						
Allocation of Intangibles:			250	1,475	1,485	77	**3,287**
Estimate Useful Life of Limited Life Assets:				12	10		
Annual Forecast Amortisation				123	149		**272**
Faktortel							
Purchase Price:	5,348						
Less: Identifiable Net Assets	(157)						
Intangible Assets upon Acquisition	**5,191**						
Allocation of Intangibles:			2,500		2,000	691	**5,191**
Estimate Useful Life of Limited Life Assets:					10		
Annual Forecast Amortisation					200		**200**

		Description	Brand Value	Location / Right-to-Use	Customer List / Relationships	Goodwill	TOTAL
		Class:	Indefinite Life	Limited Life	Limited Life	Indefinite Life	
		Treatment:	Impaired	Amortised and Impaired	Amortised and Impaired	Impaired	
		Rate:		Length of Lease	Churn/ Retention Rate		
	$,000		**$,000**	**$,000**	**$,000**	**$,000**	**$,000**
Access Wireless and Cable (SpiderBox)							
Purchase Price:	700						
Less: Identifiable Net Assets	(444)						
Intangible Assets upon Acquisition	**256**						
Allocation of Intangibles:			-	-	256	-	**256**
Estimate Useful Life of Limited Life Assets:				-	10		
Annual Forecast Amortisation				-	26		**26**
TOTAL - Intangibles			**2,750**	**1,475**	**3,741**	**768**	**8,734**

NOTE 12: CONTINGENT ASSETS

Before completion of the acquisition of Faktortel Holdings Pty Ltd, an aggregate amount of $236,990 (outstanding amount) was recorded by way of director loans in the accounts of the Faktortel Group. The outstanding amount remains unpaid. A warranty provided by the vendors provides that the Faktortel Group will be free of all debt at completion.

Over the Wire Holdings Limited has paid out the full consideration of the acquisition and as such there is no more exposure to the Group in terms of amounts to be paid out. An amount equal to the outstanding amount is held in trust by the Group’s solicitor and as such control of those funds lies with them as trustee of their trust account. As a portion of the outstanding amount is in dispute, if the outcome is favourable to the Group, then that portion of the outstanding amount will be returned by the solicitors.

NOTE 13: SUBSIDIARIES

		CONSOLIDATED	
		30 Jun 2016	**30 Jun 2015**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note1:

Name of Entity	Country of Incorporation	Equity Holding	Equity Holding
Over the Wire Pty Ltd	Australia	100 %	100 %
Netsip Pty Ltd	Australia	100 %	100 %
Celentia Pty Ltd (Deregistered 07 October 2015)	Australia	0%	100 %
EcoHost Pty Ltd (Deregistered 07 October 2015)	Australia	0%	100 %
Spartan IT Pty Ltd (Deregistered 07 October 2015)	Australia	0%	100 %
Faktortel Pty Ltd (Acquired 28 July 2015)	Australia	100%	0%
Faktortel Holdings Pty Ltd (Acquired 28 July 2015)	Australia	100%	0%
Aero Telecom Pty Ltd (Acquired 28 July 2015)	Australia	100%	0%
Sanity Holdings Pty Ltd (Acquired 30 November 2015)	Australia	100%	0%
OTW Corp Pty Ltd (Registered 25 September 2015)	Australia	100%	0%

During the current year Celentia Pty Ltd, EcoHost Pty Ltd and Spartan IT Pty Ltd were deregistered. The dates that the companies ceased to be part of the consolidated entity are noted in the table above. Due to these companies having remained dormant for an extended period of time, the profit/loss from these discontinued operations are immaterial to the consolidated entity, and have not been shown separately in the consolidated statement of comprehensive income.

NOTE 14: SUBSEQUENT EVENTS

It is the Board's intention to pay a final dividend of 1 cent per share fully franked, covering the period from Listing until 30 June 2016, in October 2016.

No other matter or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.