United Networks Limited

ABN 60 607 921 246

Annual Financial Report - 30 June 2017

United Networks Limited
Corporate directory
30 June 2017

Directors	Anthony Ghattas - Chairman Nicholas Ghattas - Chief Executive Officer Charbel Nader
Company secretary	Michael Potts
Notice of annual general meeting	The details of the annual general meeting of United Networks Limited are: Level 2, 100 William Street Woolloomooloo NSW 2011 10.00 am on Thursday, 23 November 2017
Registered office and principal place of business	Suite 201, Level 2 100 William Street Woolloomooloo NSW 2011 Phone:(02) 9003 9573
Share register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Phone: (08) 9389 8033
Auditor	Rothsay Chartered Accountants Level 1, 12 O'Connell Street Sydney NSW 2000
Solicitors	Sekel Oshry Lawyers Level 8 - Currency House 23 Hunter Street Sydney NSW 2000
Bankers	National Australia Bank 85-95 Marrickville Rd Marrickville NSW 2204 Westpac Banking Corporation 425 Victoria Ave Chatswood NSW 2067
Stock exchange listing	United Networks Limited shares are listed on the Australian Securities Exchange (ASX code: UNL)
Website	www.unitednetworks.net.au
Corporate Governance Statement	www.unitednetworks.net.au/en/investors#corporateGovernance

The 2017 financial year was a building year for the future growth of the company. United Networks ("United") undertook a successful initial public listing on the ASX in January 17.

The capital raised was deployed to drive three elements of the business.

1) Development of Cloud based platform ecosystem "GAP" – creating new products and revenue opportunities, including Wifi, global wallets and insurance offerings.
2) Expansion of the client pipeline with new global clients including highlights of Chubb and American Express.
3) Strengthen Management with New COO and global business development managers and digital optimisation specialists.

With our existing and new partners, United has the basis for a strong and profitable business. The challenge is to now to implement our Business Plan to create value for our shareholders.

We believe the next 12 months will be a formative period for the company to start to see benefits from the developments and investments made since listing.

Expanding Key Partners Relationships

In FY 2017 we successfully negotiated key partner contracts with Chubb and American Express to launch the Unlimited Wi-Fi App to their customers as a valued add inclusion with the Travel Insurance Product. We continue to work closely with Covermore and our other key partners to ensure the success of the Global SIM and new products.

Developing and Commercialising New Products

The United Networks Wi-Fi Solution that connects to 61+ million hotspots globally was launched as beta version in January 2017. The first major partner was released 4 months later at the end of May 2017, with Chubb and subsequently United has expanded offers for Chubb to Australia, New Zealand and Singapore and has launched offers to American Express Travel Insurance in both Australia and New Zealand in July and August.

We expect to continue to leverage the Wi-Fi products to enrich our datasets and improve overall client engagement and monetisation.

Strengthening Management and driving operational efficiencies.

Post the capital raising the United Management team has been focused on increasing the depth of both the operational team and sales team globally. In the period United employed a new COO Neil Brenner. Neil is an experienced Senior Executive with over 25 years in key strategic and operations positions.

Neil's responsibility is to drive operational enhancements and ensure systems and procedures are in place to allow for the growth in the business moving forward.

Expanding the sales team and advancing pipeline opportunities

Further to the FY17 year-end United has secured the services of Iain Pringle to head up Global Business Development. Ian comes from being the Senior Manager of Retail, Travel partnerships at Virgin Atlantic and before this head of strategy at the Avios Group Limited.

With years of experience in consumer loyalty and partnerships with large airlines, Ian experience is set to fast track the execution of our current pipeline and develop new opportunities.

As advised, the primary focus of United Networks over the period to 31 December 2017 is implementing the product and geographic expansion rollout of its services to its three large customers.

United Networks' preferred partners are those with:

- Large B2C businesses;
- A strong brand name;
- Strong customer loyalty;
- >1 million direct customers; and
- An ability to white label their current offering into telco services.

We continue to work with existing partners and develop our relationships with broad product offerings. United Networks is actively pursuing additional large B2C partners both nationally and internationally.

Our development pipeline continues to grow and we expect a significant number of the advanced discussions to move from running trial programs, to go live in 2017. We continue to focus on global participants in the insurance, travel, airline and banking sectors.

Financial Summary

Revenue for the period was $6.2 million down 17.5% on the previous period as results of the following items:

- A Change in revenue model with our key partner that took effect on the 1st of December 2016 resulting in delayed revenue recognition and a new commission only model for the partner. With unearned/unbooked revenue as at the year-end growing to $332K
- Decreased order volume as a result of a technical issue in the change of offer process that is currently being rectified.
- Delays in on-boarding and rollout of the 2 new key global partners for the Wi-Fi App resulted in targets not being achieved for the period.
- An amount of $419K in excess of the FY16 R&D grant accrual was received in the year. An accrual of $600K has been made for FY17 which is in line with the previous year.

United as has reported a loss of $1million. A significant proportion of the loss incurred was a result of the following items;

- Non-recurring costs expensed in the year of $445K relating to the expenses of the IPO
- Increased cost of management and business development resources employed to execute on the growth strategy.
- Increased investments in the deployment of 2 new global partner opportunities with the Wi-Fi App, which are now available and included with the partners, travel insurance as a value added solution across 3 countries.
- Increased cost of ensuring the security of the GAP platform including penetration and vulnerability testing conducted across all sites and locations.
- On going audit, compliance and listing costs of $202K.

Key Risks

United continues to execute on it business strategy to grow the business and deliver value to shareholders. There are a number of risks associated with an investment in the Company, which may affect its financial performance, financial position, cash flows, distribution, growth prospects and share price.

The key risk factors identified by the Directors are:

- Loss of Key Partner in the short to medium term whilst we develop out the 2 new key global partnerships and become more vertical in product creation and delivery.
- Growth prospects and execution of new product and partners. United is dependent upon customer take-up and partner lead rollout timelines, which can affect the sales of the business. United has in FY17 developed and delivered both new products and key global partners to market. United take up rate for the SIM card remains at 10% of all offers and the Wi-Fi order is currently 18% of offers.
- In addition to these risks outlined above United
    - Operates in a relatively new market where revenue and market opportunities are evolving.
    - Changes to United Regulatory Position and Government legislation. Whilst there has been no changes to regulatory position of the company or government legislation in FY17 United's competitive advantage can be adversely impacted by any regulatory changes and any governmental action

FY17 has been a building year and we are looking forward to driving the value for shareholders in FY18 and beyond.

United Networks Limited
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of United Networks Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors
The following persons were directors of United Networks Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony Ghattas
Nicholas Ghattas
Charbel Nader

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- sale, customisation and integration of IT and telecommunications systems
- maintenance of IT and telecommunications systems
- internet based selling of hardware and software products

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,037,177 (30 June 2016: profit of $337,001).

Refer to the 'Operating and Financial Review' for further information.

Significant changes in the state of affairs
The company was admitted to the official list of the Australian Securities Exchange (ASX) on 12 January 2017. The settlement of the issue or transfer of shares as part of the company’s initial public offering on 12 January 2017 resulted in the issue of 35,667,500 ordinary shares at the offer price of 20 cents per ordinary share. Transaction costs of $444,703 were recognised in the consolidated statement of profit or loss and other comprehensive income in the current reporting period. Transaction costs of $631,725 were recognised directly in equity which represents the portion of transaction costs attributable to the issuance of the new shares.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Anthony Ghattas
Title:	Non-executive Chairman
Qualifications:	None
Experience and expertise:	Anthony Ghattas is the former CEO of ASX listed, digital and mobile content development company HWW Limited. Anthony is the Founder and Managing Director of United Lifestyle Group, he has extensive experiences in direct to customer marketing in Australia and overseas which retails consumer direct wines under multiple brands in Australia, New Zealand, and Canada. Over the last 10 years, Anthony has seen to the growth of United Lifestyle Group across multiple continents.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	38,238,124
Interests in options:	5,250,000

Name:	Nicholas Ghattas
Title:	Director and Chief Executive Officer
Qualifications:	BCom (University of New South Wales)
Experience and expertise:	Nicholas Ghattas has more than 20 years of experience in telecommunications. He has experience in sourcing, developing, building and managing mobile solutions businesses, Nicholas has delivered telecommunications solutions to Enterprise clients. His experience includes roles such as Corporate Financial Accountant at Coopers & Lybrand (PwC) and Director of a mobile retail outlet. Over the last 6 years, Nicholas has built United Networks Limited into a successful domestic telecommunications business and has extended the business into the international mobile roaming market through a global roaming solution, available in Australia, Canada, Malaysia and New Zealand.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer
Interests in shares:	38,208,124
Interests in options:	5,250,000

Name:	Charbel Nader
Title:	Non-executive Director
Qualifications:	BCom (University of Melbourne), Master of Applied Finance (University of Melbourne)
Experience and expertise:	Charbel Nader is an investment banker with extensive experience in corporate finance and strategic advisory roles, including experience in mergers and acquisitions. Charbel was the Founding Chairman of Metro Media Publishing Pty Ltd. Charbel is a Director of Madman Entertainment Pty Ltd and Chairman of New Talisman Gold Mines Limited.
Other current directorships:	Chairman - New Talisman Gold Mines Limited (since 24 August 2016)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	90,000
Interests in options:	3,500,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Michael Potts is the Chief Finance Officer (CFO) and Company Secretary of United Networks Limited. Michael has more than 30 years of experience in major firms including Deloitte, Nexia Australia, MasterPack Systems and JUA Underwriting Agency. Michael's expertise has seen him in roles and responsibilities ranging from consultancy to CFO. Michael holds a Bachelor's Degree in Economics from Macquarie University and is a member of the Chartered Accountants Australia and New Zealand.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Ghattas	9	9
Nicholas Ghattas	9	9
Charbel Nader	9	9

Held: represents the number of meetings held during the time the director held office.

An Audit Committee has been formed but did not meet during the year to 30 June 2017. There are no other separate Board committees.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors are entitled to receive share options under the Employee Share Option Plan.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The approval of a maximum annual aggregate remuneration for non-executive directors will be tabled at the company's next Annual General Meeting to be held on 23 November 2017.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives include share-based payments. Options to acquire shares may be awarded to executives.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
The company did not engage remuneration consultants during the financial year ended 30 June 2017.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of United Networks Limited:
- Anthony Ghattas - Non-executive Chairman
- Nicholas Ghattas - Director and Chief Executive Officer
- Charbel Nader - Non-executive Director

And the following persons:
- Neil Brener - Chief Operations Officer
- Michael Potts - Chief Finance Officer

Details of the remuneration of the Directors and other key management personnel of the company are set out in the following tables. In line with Corporations Regulation 2M.3.03, the company has elected not to disclose comparative amounts, as it was not listed on the ASX during the previous financial year.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Anthony Ghattas	96,000	-	-	9,120	-	-	105,120
Charbel Nader	48,000	-	-	4,560	-	-	52,560
Executive Directors:							
Nicholas Ghattas	295,000	-	48,300	19,418	(2,305)	-	360,413
Other Key Management Personnel:							
Neil Brener	74,288	-	5,889	7,057	4	-	87,238
Michael Potts	176,800	-	13,737	16,796	(223)	-	207,110
	690,088	-	67,926	56,951	(2,524)	-	812,441

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2017	At risk - STI 2017	At risk - LTI 2017
Non-Executive Directors:			
Anthony Ghattas	100%	-	-
Charbel Nader	100%	-	-
Executive Directors:			
Nicholas Ghattas	100%	-	-
Other Key Management Personnel:			
Neil Brener	100%	-	-
Michael Potts	100%	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Nicholas Ghattas
Title:	Chief Executive Officer
Agreement commenced:	1 November 2015
Term of agreement:	On-going
Details:	Base salary of $295,000 per annum, to be reviewed annually by the Board. The contract may be terminated by the company giving a 12 months notice and the CEO giving the greater of 4 weeks and the notice required under the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Name:	Neil Brener
Title:	Chief Operations Officer
Agreement commenced:	15 February 2017
Term of agreement:	On-going
Details:	Base salary of $225,000 per annum. The contract may be terminated by the company with 6 weeks' notice for less than 12 months service and 3 months' notice for more than 12 months' service. The COO may terminate the contract with 6 weeks' notice for less than 12 months service and 3 months' notice for more than 12 months' service or the relevant notice required under the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Name:	Michael Potts
Title:	Chief Finance Officer
Agreement commenced:	31 August 2015
Term of agreement:	On-going
Details:	Base salary of $176,800 per annum. The contract may be terminated by either party giving to the other party notice in accordance with an applicable Industrial Instrument of the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Anthony Ghattas	5,250,000	01/07/2016	01/07/2018	11/11/2021	$0.300	$0.000
Nicholas Ghattas	5,250,000	01/07/2016	01/07/2018	11/11/2021	$0.300	$0.000
Charbel Nader	3,500,000	01/07/2016	01/07/2018	11/11/2021	$0.300	$0.000

Options granted carry no dividend or voting rights.

The options granted to Directors were in terms of the Employee Share Option Plan and were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the Director becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

There were no options that were exercised, forfeited or lapsed during the year.

Additional information

The earnings of the consolidated entity for the three years to 30 June 2017 are summarised below:

	2017 $	2016 $	2015 $
Sales revenue	5,142,500	6,926,658	5,892,531
EBITDA	(309,067)	1,019,643	83,954
EBIT	(1,050,522)	347,477	(188,224)
Profit/(loss) after income tax	(1,037,177)	337,001	(260,689)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Anthony Ghattas	38,208,124	-	30,000	-	38,238,124
Nicholas Ghattas	38,208,124	-	-	-	38,208,124
Charbel Nader	-	-	90,000	-	90,000
Michael Potts	-	-	25,000	-	25,000
	76,416,248	-	145,000	-	76,561,248

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Anthony Ghattas	-	5,250,000	-	-	5,250,000
Nicholas Ghattas	-	5,250,000	-	-	5,250,000
Charbel Nader	-	3,500,000	-	-	3,500,000
	-	14,000,000	-	-	14,000,000

	Vested and exercisable	Unvested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Anthony Ghattas	-	5,250,000	5,250,000
Nicholas Ghattas	-	5,250,000	5,250,000
Charbel Nader	-	3,500,000	3,500,000
	-	14,000,000	14,000,000

Loans to key management personnel and their related parties
Included in trade and other receivables at 30 June 2017 is a short-term loan of $41,236 to a Director related entity. The loan has no fixed repayment terms, is unsecured and interest-free. The highest loan balance during the year was $41,236.

Included in trade and other receivables at 30 June 2016 is a short-term loan of $110,646 to a Director related entity. The loan had no fixed repayment terms, was unsecured and interest-free. The highest loan balance during the 2017 financial year was $110,646 and the loan was repaid during the year.

If interest had been charged on an arms-length basis on the above loans, the amount of interest that would have been charged is $2,784.

No write-downs or allowances for doubtful receivables have been recognised in relation to the above loans.

There were no other loans owing by key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2017.

Other transactions with key management personnel and their related parties
The consolidated entity sold goods and services (IT support, telephone and internet, IT and network equipment and infrastructure services), during the year in the sum of $445,616 to 7 entities in which Mr Anthony Ghattas is a director and a controlling shareholder. The contracts were based on normal commercial terms and conditions.

The consolidated entity purchased goods and services (rent, parking, shared office services and amenities and HR services) during the year in the sum of $445,130 from 5 entities in which Mr Anthony Ghattas is a director and a controlling shareholder. The contracts were based on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel and their related entities:

Amounts recognised as revenue:
Sale of goods: $259,623
Services: $185,992

Amounts recognised as expenses
Administration: $445,130

Amounts recognised as trade and other receivables
Trade receivables: $94,167

Amounts recognised as trade and other payables
Trade payables: $6,622

There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2017.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of United Networks Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 July 2016*	1 November 2021	$0.300	14,000,000
2 November 2016**	2 November 2021	$0.300	1,000,000
11 November 2016***	11 November 2021	$0.300	1,000,000
			16,000,000

* Options granted to the Directors
** Options granted to the Lead Manager in relation to the company's initial public offer of shares
*** Options granted to the Corporate Adviser in consideration for consultancy services in relation to the company's initial public offer of shares

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

Shares issued on the exercise of options
There were no ordinary shares of United Networks Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Use of cash and assets readily convertible to cash since admission to ASX official list
In accordance with Listing Rule 4.10.19 the company confirms that the consolidated entity has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Rothsay Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Nicholas Ghattas
Director

27 September 2017
Sydney

ROTHSAY
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of United Networks Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of United Networks Limited and the entities it controlled during the year.

Frank Vrachas

Partner

Rothsay Chartered Accountants

Sydney, 27 September 2017

General information

The financial statements cover United Networks Limited as a consolidated entity consisting of United Networks Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is United Networks Limited's functional and presentation currency.

United Networks Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 201, Level 2
100 William Street
Woolloomooloo
NSW 2011

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The company was admitted to the official list of the Australian Securities Exchange (ASX) on 12 January 2017 under the ASX code 'UNL'.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2017. The directors have the power to amend and reissue the financial statements.

United Networks Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	4	6,236,046	7,558,452
Other income	5	12,733	-
Expenses			
Cost of sales		(3,537,527)	(4,318,006)
Marketing		(71,451)	(120,703)
Occupancy		(55,764)	(11,556)
Administration		(2,199,018)	(1,882,968)
Other expenses		(1,376,068)	(877,743)
Finance costs		(106,050)	(72,731)
Profit/(loss) before income tax benefit	6	(1,097,099)	274,745
Income tax benefit	7	59,922	62,256
Profit/(loss) after income tax benefit for the year attributable to the owners of United Networks Limited	21	(1,037,177)	337,001
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of United Networks Limited		(1,037,177)	337,001
		Cents	**Cents**
Basic earnings per share	32	(0.97)	0.40
Diluted earnings per share	32	(0.97)	0.40

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

United Networks Limited
Statement of financial position
As at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	8	4,214,949	509,297
Trade and other receivables	9	1,896,706	1,489,994
Inventories	10	131,975	57,450
Other	11	59,322	46,922
Total current assets		6,302,952	2,103,663
Non-current assets			
Other financial assets		-	18,150
Property, plant and equipment	12	506,047	726,027
Intangibles	13	17,876,073	17,499,725
Deferred tax	14	762,620	549,152
Other		-	262,094
Total non-current assets		19,144,740	19,055,148
Total assets		25,447,692	21,158,811
Liabilities			
Current liabilities			
Trade and other payables	15	1,573,503	1,695,121
Borrowings	16	992,223	1,177,590
Income tax		-	22,924
Provisions	17	129,051	116,845
Total current liabilities		2,694,777	3,012,480
Non-current liabilities			
Borrowings	18	231,088	1,243,883
Deferred tax	19	343,678	188,897
Total non-current liabilities		574,766	1,432,780
Total liabilities		3,269,543	4,445,260
Net assets		22,178,149	16,713,551
Equity			
Issued capital	20	24,278,800	17,777,025
Accumulated losses	21	(2,100,651)	(1,063,474)
Total equity		22,178,149	16,713,551

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

United Networks Limited
Statement of changes in equity
For the year ended 30 June 2017

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2015	120	(1,400,475)	(1,400,355)
Profit after income tax benefit for the year	-	337,001	337,001
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	337,001	337,001
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 20)	17,776,905	-	17,776,905
Balance at 30 June 2016	17,777,025	(1,063,474)	16,713,551

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2016	17,777,025	(1,063,474)	16,713,551
Loss after income tax benefit for the year	-	(1,037,177)	(1,037,177)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,037,177)	(1,037,177)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 20)	6,501,775	-	6,501,775
Balance at 30 June 2017	24,278,800	(2,100,651)	22,178,149

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

United Networks Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,481,632	7,459,615
Payments to suppliers (inclusive of GST)		(6,710,418)	(7,926,315)
		(228,786)	(466,700)
Interest received		59,473	(4,481)
Interest and other finance costs paid		(136,209)	1,397
Net cash used in operating activities	31	(305,522)	(469,784)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	28	-	(254,636)
Payments for property, plant and equipment		(5,466)	(191,697)
Payments for intangibles		(961,393)	(559,539)
Loans advanced to other entities		(40,084)	-
Proceeds from disposal of investments		21,029	-
Proceeds from disposal of property, plant and equipment		13,519	-
Net cash used in investing activities		(972,395)	(1,005,872)
Cash flows from financing activities			
Proceeds from issue of shares	20	7,133,500	2,030,250
Proceeds from borrowings		145,137	211,995
Share issue transaction costs and other transaction costs attributable to the listing		(1,079,778)	-
Repayment of borrowings		(1,215,290)	(374,253)
Net cash from financing activities		4,983,569	1,867,992
Net increase in cash and cash equivalents		3,705,652	392,336
Cash and cash equivalents at the beginning of the financial year		509,297	116,961
Cash and cash equivalents at the end of the financial year	8	4,214,949	509,297

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards and amendments to standards affected any of the amounts recognised in the current period or any prior period.

During the financial year ended 30 June 2016, the consolidated entity elected to early adopted AASB 15 'Revenue from contracts with customers' and AASB 16 'Leases'. AASB 15 and AASB 16 are applicable to annual financial reporting periods beginning on or after 1 January 2018 and 1 January 2019 respectively. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of United Networks Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. United Networks Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

United Networks Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Leases

A lease is a contract or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases that the company enters into as lessee, except for short-term leases (leases of 12 months or less) and leases of low-value assets, are recognised in the statement of financial position.

For leases that are recognised in the statement of financial position, a right-of-use asset and a lease liability are measured as the present value of the unavoidable future lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or if that rate cannot be readily determined, the company's incremental borrowing rate. After the initial recognition of the lease liability, the lease liability is remeasured to reflect changes to the lease payments and the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The company accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

A depreciation charge for the leased asset (included in 'other expenses') and an interest expense on the recognised lease liability (included in 'finance costs') is recognised. If the lease transfers ownership of the underlying asset to the company by the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise a purchase option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the company depreciates the right-of-use asset 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.

For short-term leases or leases for which the underlying asset is of low value, the lease payments associated with those leases are recognised as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the company's benefit.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill impairment
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. For information relating to the value-in-use calculations refer to note 13.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Operating segments

Identification of reportable operating segments
Operating segments are identified based on separate financial information which is regularly reviewed by the Board of Directors, representing the consolidated entity's Chief Operating Decision Makers (CODM), in assessing performance and determining the allocation of resources.

The consolidated entity operates in primarily one geographical segment, namely Australia. The primary business segment is telecommunications namely voice, data and value added services. As the consolidated entity operates in only one segment, the consolidated results are also its segment results.

The consolidated entity operates in one geographical segment being Australia. Revenue from overseas customers is not material to the consolidated entity.

Major customers
All revenue of the consolidated entity is from external customers. During the year ended 30 June 2017 approximately 51% (2016: 58%) of the consolidated entity's external sales revenue was derived from sales to a single customer.

Accounting policy for operating segments
Operating segments 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 operating segments and assessing their performance.

Note 4. Revenue

	2017 $	2016 $
Sales revenue		
Sale of goods	336,022	510,754
Services	4,806,478	6,415,904
	5,142,500	6,926,658
Other revenue		
Dividends	-	315
Interest	59,473	2,848
R&D incentive grant	1,019,502	567,820
Other revenue	14,571	60,811
	1,093,546	631,794
Revenue	6,236,046	7,558,452

Accounting policy for revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods (telecommunications hardware)
Revenue from the sale of goods is recognised when control of the products has transferred to the customer. This will usually occur on delivery of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
The consolidated entity generates revenues from after-sales service and maintenance provided as well as construction contracts for telecommunication solutions. Consideration received for those services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed. In recognising after-sales service and maintenance revenues, the consolidated entity considers the nature of the service and the customer's use of the related products, based on historical experience.

Contracts for telecommunication solutions
Construction contracts for telecommunication systems specify a fixed price for the development and installation of IT and telecommunication systems. When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. When the consolidated entity cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred. In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Other income

	2017 $	2016 $
Net gain on disposal of property, plant and equipment	9,854	-
Net gain on disposal of investments	2,879	-
Other income	12,733	-

Note 6. Expenses

	2017 $	2016 $
Profit/(loss) before income tax includes the following specific expenses:		
Aggregate employee benefits expense		
Defined contribution superannuation expense	130,536	116,094
Other employee benefits expenses	1,745,285	1,825,084
	1,875,821	1,941,178
Less		
Employee costs capitalised to web development	(504,920)	(591,817)
Employee benefits expense	1,370,901	1,349,361
Depreciation		
Plant and equipment	3,500	14,189
Furniture, fixtures and fittings	1,880	2,325
Computer equipment	10,705	9,765
Right-of-use assets - property leases	155,488	176,703
Total depreciation	171,573	202,982
Amortisation		
Web development	199,989	211,941
Software	369,893	257,243
Total amortisation	569,882	469,184
Finance costs		
Interest on lease liabilities	14,312	10,852
Interest on other borrowings	91,738	61,879
Finance costs expensed	106,050	72,731

Note 7. Income tax benefit

	2017 $	2016 $
Income tax benefit		
Current tax	(1,235)	22,924
Deferred tax - origination and reversal of temporary differences	(58,687)	(85,180)
Aggregate income tax benefit	(59,922)	(62,256)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 14)	(213,468)	(147,034)
Increase in deferred tax liabilities (note 19)	154,781	61,854
Deferred tax - origination and reversal of temporary differences	(58,687)	(85,180)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit/(loss) before income tax benefit	(1,097,099)	274,745
Tax at the statutory tax rate of 27.5% (2016: 30%)	(301,702)	82,424
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment and amortisation of intangibles	-	105,277
Tax effect on research & development	98,947	-
Capital raising formation costs	70,292	-
Non-deductible expenses	40,372	100,605
Other	32,169	11,830
	(59,922)	300,136
Prior year tax losses not recognised now recouped	-	(362,392)
Income tax benefit	(59,922)	(62,256)

Note 8. Current assets - cash and cash equivalents

	2017 $	2016 $
Cash on hand	99	232
Cash at bank	158,236	454,045
Cash on deposit	4,056,614	55,020
	4,214,949	509,297

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	2017 $	2016 $
Trade receivables	858,868	508,849
Less: Provision for impairment of receivables	(34,237)	(20,912)
	824,631	487,937
Other receivables	634,698	222,779
Loan to related party	41,236	110,646
Commissions receivable	396,141	469,554
GST receivable	-	199,078
	1,896,706	1,489,994

Impairment of receivables
The ageing of the impaired receivables provided for above are as follows:

	2017 $	2016 $
Past due 60+ days	34,237	20,912

Movements in the provision for impairment of receivables are as follows:

	2017 $	2016 $
Opening balance	20,912	13,103
Additional provisions recognised	13,325	7,809
Closing balance	34,237	20,912

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $156,152 as at 30 June 2017 ($221,462 as at 30 June 2016).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	2017 $	2016 $
Past due 1-30 days	2,784	2,246
Past due 31-60 days	-	58,308
Past due 61+ days	153,368	160,908
	156,152	221,462

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 9. Current assets - trade and other receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 10. Current assets - inventories

	2017 $	2016 $
SIM cards and telecommunications equipment - at cost	131,975	57,450

Accounting policy for inventories
Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 11. Current assets - other

	2017 $	2016 $
Prepayments	59,322	44,422
Deposits	-	2,500
	59,322	46,922

Note 12. Non-current assets - property, plant and equipment

	2017 $	2016 $
Plant and equipment - at cost	54,630	49,653
Less: Accumulated depreciation	(18,238)	(14,783)
	36,392	34,870
Furniture, fixtures and fittings - at cost	45,746	45,746
Less: Accumulated depreciation	(6,254)	(4,374)
	39,492	41,372
Computer equipment - at cost	69,091	72,601
Less: Accumulated depreciation	(50,560)	(40,739)
	18,531	31,862
Office equipment - at cost	-	1,317
Right-of-use assets - property leases	689,410	793,309
Less: Accumulated depreciation	(277,778)	(176,703)
	411,632	616,606
	506,047	726,027

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Furniture, fixtures and fittings $	Computer equipment $	Office equipment $	Right-of-use assets - property leases $	Total $
Balance at 1 July 2015	9,253	43,697	22,251	-	-	75,201
Additions	39,806	-	19,376	1,317	793,309	853,808
Depreciation expense	(14,189)	(2,325)	(9,765)	-	(176,703)	(202,982)
Balance at 30 June 2016	34,870	41,372	31,862	1,317	616,606	726,027
Additions	4,221	-	1,245	-	140,387	145,853
Disposals	(516)	-	(3,871)	-	-	(4,387)
Right-of-use asset derecognised	-	-	-	-	(189,873)	(189,873)
Transfers in/(out)	1,317	-	-	(1,317)	-	-
Depreciation expense	(3,500)	(1,880)	(10,705)	-	(155,488)	(171,573)
Balance at 30 June 2017	36,392	39,492	18,531	-	411,632	506,047

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 12. Non-current assets - property, plant and equipment (continued)

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	20% - 50%
Furniture, fixtures and fittings	10% - 50%
Computer equipment	50%
Office equipment	25%
Right-of-use assets - property leases	Lease term

Depreciation of right-of-use assets
If the lease transfers ownership of the underlying asset to the company by the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise a purchase option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the company depreciates the right-of-use asset 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 residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Non-current assets - intangibles

	2017 $	2016 $
Goodwill - at cost	16,016,577	16,016,577
Patents, trademarks and other rights - at cost	6,413	6,413
Web development - at cost	1,074,445	790,062
Less: Accumulated amortisation	(298,210)	(98,220)
	776,235	691,842
Software - at cost	1,940,165	1,278,317
Less: Accumulated amortisation	(863,317)	(493,424)
	1,076,848	784,893
	17,876,073	17,499,725

Note 13. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Patents, trademarks and other rights $	Web development costs $	Software $	Total $
Balance at 1 July 2015	-	6,413	613,558	471,784	1,091,755
Additions	-	-	290,225	570,352	860,577
Additions through business combinations (note 28)	16,016,577	-	-	-	16,016,577
Amortisation expense	-	-	(211,941)	(257,243)	(469,184)
Balance at 30 June 2016	16,016,577	6,413	691,842	784,893	17,499,725
Additions	-	-	284,382	661,848	946,230
Amortisation expense	-	-	(199,989)	(369,893)	(569,882)
Balance at 30 June 2017	16,016,577	6,413	776,235	1,076,848	17,876,073

Impairment testing
For the purpose of impairment testing, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit, among others, from the synergies of the business combination. The Group's cash-generating units are defined on the basis of the geographical market, normally country-related. The consolidated entity operates in primarily one geographical segment - Australia, and the carrying amount of goodwill has been allocated to Australia.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

The following key assumptions were used in the discounted cash flow model:
(a) Pre-tax discount rate of 13.3% per annum;
(b) Revenue growth is based on management projections for 2018, and 5% increases for 2019 - 2022;
(c) Budgeted gross margin of 51%;
(d) Operating expenses is based on management projections for 2018, and 2.5% increases for 2019 - 2022;
(e) Long-term growth rate of 2.5%.

The discount rate of 13.3% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the 2018 revenue projection and 5% increases through to 2022 is achievable and justified, based on the projected growth of new products and partners, two of which have been signed on since year-end and the roll-out is actively in place through out Asia-Pacific.

The budgeted gross margin is based on past performance and management's expectations for the future.

Operating expenses do not vary significantly with revenue. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

The long-term growth rate is used to extrapolate cash flows beyond the 5-year forecast and is based on external forecasts.

Based on the above, the recoverable amount of the goodwill exceeded the carrying amount by $2,258,045.

Note 13. Non-current assets - intangibles (continued)

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
(a) A reduction in the revenue growth rate of 6% below management expectations for 2018 financial year would result in impairment, with all other assumptions remaining constant.
(b) A reduction in the revenue growth rate to 4% for the 2019 - 2022 financial years would result in impairment, with all other assumptions remaining constant.
(c) A reduction in the gross margin to 48% for the 2019 - 2022 financial years would result in impairment, with all other assumptions remaining constant.
(d) The discount rate would be required to increase to 13.9% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Software and web development costs
Significant costs associated with software and web development costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Note 14. Non-current assets - deferred tax

	2017 $	2016 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	397,713	-
Property, plant and equipment	-	221,072
Employee benefits	52,423	56,100
Accrued expenses	35,809	-
Other assets	-	70,952
Other	1,892	201,028
Formation expenses	265,368	-
Provision for doubtful debt	9,415	-
Deferred tax asset	762,620	549,152
Movements:		
Opening balance	549,152	402,118
Credited to profit or loss (note 7)	213,468	147,034
Closing balance	762,620	549,152

Note 15. Current liabilities - trade and other payables

	2017 $	2016 $
Trade payables	755,672	874,572
Interest payable	21,050	57,398
GST payable	363,493	622,062
Other payables	433,288	141,089
	1,573,503	1,695,121

Refer to note 23 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Current liabilities - borrowings

	2017 $	2016 $
Bank overdraft	-	887
Promissory note - related party	811,679	212,669
Loan - related party	-	787,331
Lease liability	180,544	176,703
	992,223	1,177,590

Refer to note 23 for further information on financial instruments.

Refer to note 19 for further information on assets pledged as security and financing arrangements.

Note 16. Current liabilities - borrowings (continued)

Loan - related party
ULG Holdings Limited, a director related company, provided the company with a secured loan, payable on demand and which bore interest at 7.50% per annum. The loan was repaid during the 2017 financial year.

Promissory note - related party
The company issued a promissory note to ULG Holdings Limited, a director related entity, amounting to $1,016,650 in relation to amounts payable by the wholly owned subsidiary, United Global SIM Limited. The promissory note is secured under a General Security Agreement and interest is charged at the average bid rate for bills plus a margin of 3%.

Note 17. Current liabilities - provisions

	2017 $	2016 $
Annual leave	114,786	95,411
Long service leave	14,265	21,434
	129,051	116,845

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 18. Non-current liabilities - borrowings

	2017 $	2016 $
Promissory note - related party	-	803,981
Lease liability	231,088	439,902
	231,088	1,243,883

Refer to note 23 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2017 $	2016 $
Bank overdraft	-	887
Promissory note - related party	811,679	1,016,650
Lease liability	411,632	616,605
	1,223,311	1,634,142

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Note 19. Non-current liabilities - deferred tax

	2017 $	2016 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	126,331	-
Other	217,347	188,897
Deferred tax liability	343,678	188,897
Movements:		
Opening balance	188,897	127,043
Charged to profit or loss (note 7)	154,781	61,854
Closing balance	343,678	188,897

Note 20. Equity - issued capital

	2017 Shares	2016 Shares	2017 $	2016 $
Ordinary shares - fully paid	125,824,949	90,157,449	24,278,800	17,777,025

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2015	120		120
Issue of shares to acquire subsidiary	4 December 2015	16,000,000	$1.000	16,000,000
Issue of shares	6 December 2015	1,120	$1.000	1,120
Elimination of existing legal acquiree shares	7 December 2015	(16,001,240)	$0.000	-
Shares of legal acquirer at acquisition	7 December 2015	120	$0.000	-
Issue of shares on acquisition	7 December 2015	76,416,128	$0.000	-
Issue of shares	8 December 2015	13,741,201	$0.148	2,030,250
Share issue costs		-	$0.000	(254,465)
Balance	30 June 2016	90,157,449		17,777,025
Issue of shares - Initial Public Offering	12 January 2017	35,667,500	$0.200	7,133,500
Share issue costs		-	$0.000	(631,725)
Balance	30 June 2017	125,824,949		24,278,800

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 20. Equity - issued capital (continued)

Initial Public Offering
On 12 January 2017, the company was admitted to the official list of the Australian Securities Exchange (ASX). The settlement of the issue or transfer of shares as part of the company's initial public offering on 12 January 2017 resulted in the issue of 35,667,500 ordinary shares at the offer price of 20 cents per ordinary share. Transaction costs of $631,725 were recognised directly in equity which represents the portion of transaction costs attributable to the issuance of new shares. Transaction costs of $444,703 attributable to the listing were recognised in the consolidated statement of profit or loss and other comprehensive income in the current reporting period.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

	2017 $	2016 $
Current liabilities - borrowings (note 16)	992,223	1,177,590
Non-current liabilities - borrowings (note 18)	231,088	1,243,883
Total borrowings	1,223,311	2,421,473
Current assets - cash and cash equivalents (note 8)	(4,214,949)	(509,297)
Net debt/(Cash and cash equivalents, net of debt)	(2,991,638)	1,912,176
Total equity	22,178,149	16,713,551
Total capital	19,186,511	18,625,727
Gearing ratio	(16%)	10%

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 21. Equity - accumulated losses

	2017 $	2016 $
Accumulated losses at the beginning of the financial year	(1,063,474)	(1,400,475)
Profit/(loss) after income tax benefit for the year	(1,037,177)	337,001
Accumulated losses at the end of the financial year	(2,100,651)	(1,063,474)

Note 22. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	2017 $	2016 $
Franking credits available for subsequent financial years based on a tax rate of 27.5%	22,925	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 23. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Most of the consolidated entity's transactions are denominated in Australian Dollars.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. These exposures are not significant.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

Note 23. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	2017		2016	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Bank overdraft	-	-	-	887
Loan from related party	-	-	7.50%	787,331
Promissory note	4.72%	811,679	7.50%	1,016,650
Net exposure to cash flow interest rate risk		811,679		1,804,868

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 (2016: 100) basis points would have an adverse/favourable effect on profit before tax of $8,117 (2016: $18,049) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'Trade and other receivables' is considered to be the main source of credit risk for the consolidated entity. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

- 2017	Not later than 1 month $	1 - 3 months $	3 months to 1 year $	1 to 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade and other payables	1,573,503	-	-	-	1,573,503
Interest-bearing					
Promissory note	-	-	811,679	-	811,679
Lease liability	13,737	27,336	110,219	260,340	411,632
Total non-derivatives	1,587,240	27,336	921,898	260,340	2,796,814

Note 23. Financial instruments (continued)

- 2016	Not later than 1 month $	1 - 3 months $	3 months to 1 year $	1 to 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade and other payables	863,765	831,356	-	-	1,695,121
Interest-bearing					
Bank overdraft	-	-	887	-	887
Promissory note	-	-	1,016,650	-	1,016,650
Loan from related party	-	-	787,331	-	787,331
Lease liability	15,602	31,204	129,897	439,902	616,605
Total non-derivatives	879,367	862,560	1,934,765	439,902	4,116,594

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2017 $	**2016 $**
Short-term employee benefits	758,014	475,745
Post-employment benefits	56,951	36,315
Long-term benefits	(2,524)	-
	812,441	512,060

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Rothsay Chartered Accountants, the auditor of the company:

	2017 $	**2016 $**
Audit services - Rothsay Chartered Accountants		
Audit or review of the financial statements	71,000	40,000
Other services - Rothsay Chartered Accountants		
Taxation services	35,080	47,980
IPO due diligence	43,830	-
Other advisory services	-	6,000
	78,910	53,980
	149,910	93,980

Note 26. Related party transactions

Legal Parent entity
United Networks Limited is the parent entity.

Accounting parent entity
United Lifestyle Group Networks Pty Ltd is the accounting parent of the group.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	2017 $	**2016 $**
Sale of goods and services:		
Sale of goods to other related party	259,624	82,528
Sale of services to other related party	185,992	172,259
Payment for goods and services:		
Payment for services from other related party	445,130	509,626

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2017 $	**2016 $**
Current receivables:		
Trade receivables from other related party	94,167	6,804
Current payables:		
Trade payables to other related party	6,622	78,574

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	2017 $	**2016 $**
Current receivables:		
Loan to director related entity	41,236	110,646
Current borrowings:		
Loan - director related entity	-	787,331
Promissory note - director related entity	811,679	212,669
Non-current borrowings:		
Promissory note - director related entity	-	803,981

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2017 $	Parent 2016 $
Profit after income tax	12,494	1,623
Total comprehensive income	12,494	1,623

Statement of financial position

	Parent 2017 $	Parent 2016 $
Total current assets	9,135,491	1,649,226
Total assets	9,898,470	2,289,287
Total current liabilities	376,925	68,517
Total liabilities	720,603	257,414
Equity		
Issued capital	9,163,750	2,030,250
Retained profits	14,117	1,623
Total equity	9,177,867	2,031,873

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017 and 30 June 2016.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Legal parent entity disclosures
The above information has been extracted from the books and records of the legal parent entity, United Networks Limited. Accordingly, the information does not relate to the 'accounting parent' as defined in note 27.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Business combinations

30 June 2016

Acquisition of United Lifestyle Group Networks Pty Ltd - 30 June 2016
On 7 December 2015, United Networks Limited (UNL), the legal parent entity and legal acquirer, acquired 100% of the issued shares of United Lifestyle Group Networks Pty Limited (ULGN), who holds a 100% share interest in United Global Sim Limited, an entity incorporated in Hong Kong.

Under the terms of the transaction UNL issued 76,416,128 shares to the shareholders of United Lifestyle Group Networks Pty Limited, resulting in United Lifestyle Group Networks Pty Limited acquiring 100% of the legal parent entity's issued capital. Notwithstanding that the transaction took the format of a reverse acquisition as described in AASB 3 'Business Combinations', the transaction was not deemed a business combination on the basis that UNL did not meet the definition of a business as noted in that standard.

The group applied by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in United Lifestyle Group Networks Pty Limited being identified as the accounting acquirer/parent and UNL being identified as the accounting acquiree. As the transaction is not within the scope of AASB 3, the transaction was treated as a share-based payment transaction accounted for in accordance with AASB 2 'Share-based payment' whereby ULGN is deemed to have issued shares in exchange for the net assets of UNL. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by ULGN and the fair value of the identifiable net assets of UNL, is required to be recognised as an expense. UNL had no net assets or net liabilities at the date of acquisition and the deemed consideration paid by ULGN was considered to be nil.

Acquisition of United Global Sim Limited
On 5 December 2015, United Lifestyle Group Networks Pty Limited (ULGN) acquired 100% of the issued shares of United Global Sim Limited (UGS), an entity incorporated in Hong Kong in consideration for the issue by ULGN of 16,000,000 fully paid ordinary shares to the shareholders of UGS.

UGS was acquired to be the platform for the development of the expansion of the global roaming offering. The goodwill of $16,016,577 represents expected growth, expected future profitability and expected cost synergies.

Note 28. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	4,566
Trade receivables	850,513
Inventories	12,002
Other current assets	15,568
Loans	2,485,473
Plant and equipment	38,642
Other intangible assets	671,133
Deferred tax asset	31,679
Trade payables	(2,802,951)
Borrowings	(1,064,000)
Net assets acquired	242,625
Goodwill	16,016,577
Acquisition-date fair value of the total consideration transferred	16,259,202
Representing:	
Cash paid or payable to vendor	259,202
Shares issued, at fair value	16,000,000
	16,259,202
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	16,259,202
Less: cash and cash equivalents	(4,566)
Less: shares issued by company as part of consideration	(16,000,000)
Net cash used	254,636

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 28. Business combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Reverse acquisition
A reverse acquisition occurs when the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself ‘acquired’ by a smaller public entity as a means of obtaining a stock exchange listing. Although legally the issuing entity is regarded as the parent and the private entity is regarded as the subsidiary, the legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent. The published price of the equity instruments of the acquirer is used to determine the cost of the combination, or where this is not available, the deemed fair value of its shares, and a calculation shall be made to determine the number of equity instruments the acquirer would have to issue to provide the same percentage ownership interest of the combined entity to the owners/shareholders of the acquirer as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated shall be used as the cost of the combination.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
United Lifestyle Group Networks Pty Ltd	Australia	100.00%	100.00%
United Networks Ltd	Hong Kong	100.00%	100.00%
United Sim Canada Limited	Canada	100.00%	100.00%
United Networks Operations Limited	Hong Kong	100.00%	100.00%
United Global Sim Limited*	Hong Kong	100.00%	100.00%

* Subsidiary of United Lifestyle Group Networks Pty Ltd

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 31. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	2017 $	2016 $
Profit/(loss) after income tax benefit for the year	(1,037,177)	337,001
Adjustments for:		
Depreciation and amortisation	741,455	672,166
Net gain on disposal of property, plant and equipment	(12,733)	-
Impairment of receivables	-	7,809
R&D incentive grant receivable	-	(180,000)
Commissions receivable	-	(469,554)
Transaction costs attributable to the listing	444,703	-
Other	6,405	152,264
Change in operating assets and liabilities:		
Increase in trade and other receivables	(476,122)	(1,028,928)
Decrease/(increase) in inventories	(74,525)	18,278
Increase in deferred tax assets	(213,468)	-
Increase in prepayments	(14,900)	-
Decrease in other operating assets	264,594	-
Increase/(decrease) in trade and other payables	(121,618)	21,971
Increase/(decrease) in provision for income tax	(22,924)	57,948
Increase/(decrease) in deferred tax liabilities	154,781	(102,985)
Increase in employee benefits	12,206	-
Increase in other provisions	-	44,246
Increase in other operating liabilities	43,801	-
Net cash used in operating activities	(305,522)	(469,784)

Note 32. Earnings per share

	2017 $	2016 $
Profit/(loss) after income tax attributable to the owners of United Networks Limited	(1,037,177)	337,001
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	106,769,709	84,187,858
Weighted average number of ordinary shares used in calculating diluted earnings per share	106,769,709	84,187,858
	Cents	**Cents**
Basic earnings per share	(0.97)	0.40
Diluted earnings per share	(0.97)	0.40

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of United Networks Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 32. Earnings per share (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 33. Share-based payments

Employee Share Option Plan

On 17 November 2015 the company established a employee share option plan to provide eligible employees with a means of receiving options to subscribe for shares and a means of receiving rights to receive shares. Eligible employees includes:
a) an employee, director or secretary of the company or any subsidiary of the company;
b) and a contractor, consultant, agent, advisor other person retained, engaged or nominated by company or any subsidiary of the company.

The purpose of the plan is to provide eligible employees with an opportunity to share in the growth in value of the company and to encourage them to improve the longer-term performance of the company and its return to shareholders. Participation in the plan is at the Board of Director's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.The Board has the discretion to determine the exercise price of the options and any exercise conditions. Unless otherwise determined by the Board, no payment is required for the grant of options or rights under the plan. Options granted under the plan carry no dividend or voting rights.

On 1 July 2016, a total of 14,000,000 options were granted to the company's Directors. The options vest on 1 July 2018, are exercisable at 30 cents and expire on 11 November 2021. There are no performance conditions attaching to these options. The fair value of the options granted was $nil.

Other share-based payments

On 2 November 2016, the Board granted 1,000,000 options at an exercise price of 30 cents per option to the Lead Manager in relation to the company's initial public offer of shares (IPO). The options were granted as more than $5 million was raised in the IPO. The options vest on 2 November 2019 and expire on 2 November 2021. The fair value of the options granted was $nil.

On 11 November 2016, the Board granted 1,000,000 options at an exercise price of 30 cents per option to the Corporate Adviser in consideration for consultancy services in relation to the company's initial public offer of shares (IPO). The options were granted as more than $5 million was raised in the IPO. The options vest on 11 November 2018 and expire 11 November 2021.The fair value of the options granted was $nil.

There were no options or rights issued under the plan during the 2016 financial year.

Set out below are summaries of options granted:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2016	11/11/2021	$0.300	-	14,000,000	-	-	14,000,000
02/11/2016	02/11/2021	$0.300	-	1,000,000	-	-	1,000,000
11/11/2016	11/11/2021	$0.300	-	1,000,000	-	-	1,000,000
			-	16,000,000	-	-	16,000,000
Weighted average exercise price			$0.000	$0.300	$0.000	$0.000	$0.300

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.37 years.

Note 33. Share-based payments (continued)

Options were priced using a Black-Scholes pricing model. Expected volatility was based on an evaluation of the historical volatility of other comparable companies based on publicly available information. Options were assumed to be exercised in full on the date of expiry.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/07/2016	11/11/2021	$0.100	$0.300	20.00%	-	2.20%	$0.000
02/11/2016	02/11/2021	$0.100	$0.300	20.00%	-	2.20%	$0.000
11/11/2016	11/11/2021	$0.100	$0.300	20.00%	-	2.20%	$0.000

The total share based payments expense for the year was $nil (2016: $nil).

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 33. Share-based payments (continued)

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

United Networks Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Nicholas Ghattas
Director

27 September 2017
Sydney

ROTHSAY
CHARTERED ACCOUNTANTS

UNITED NETWORKS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Networks Limited

Opinion

We have audited the financial report of United Networks Limited ("United") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, 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 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 2017 and of its performance for the year ended on that date; 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 as 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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Impairment of Goodwill The impairment assessment made by management over the Group's goodwill balance is a key audit matter as it incorporates significant judgments in respect of factors such as forecast cash flows, growth rates and discount rates as well as economic assumptions such as inflation.	Our procedures included: • Assessing management's determination of the Group's CGUs based on our understanding of the group. We also compared this to the internal reporting of the group to assess how revenue is reported. • Evaluating management's cash flow forecast along with the assumptions and methodologies used. We also took into consideration the results of the current year actual results to the prior forecasts to assess management's ability to accurately forecast results. • Evaluating the assessment performed by the Group's expert to ensure the methodology appeared reasonable and the assumptions noted in management's forecasts were accurately reflected. • Reviewing the discounting applied to determine if it was reasonable in the current market and reflective of the rate of interest the Group would be able to obtain finance if required. • Verifying the calculations for mathematical accuracy and considered the sensitivity of the calculation by varying the assumptions and applying other values within a reasonable range.

Responsibility of Directors for the Financial Report

The directors of the Group 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 Group's ability 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 Responsibility 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 the 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.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the Directors’ Report for the year ended 30 June 2017. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of United Networks Limited (“United”), for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 27 September 2017

The shareholder information set out below was applicable as at 31 August 2017.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	8
1,001 to 5,000	31
5,001 to 10,000	109
10,001 to 100,000	215
100,001 and over	78
	441
Holding less than a marketable parcel	29

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Autopilot Consulting Pty Ltd	38,208,124	30.37
Temont Pty Ltd	38,238,124	30.39
Farjoy Pty Ltd	6,300,000	5.01
CVC Limited	2,960,525	2.35
Leda Holdings Pty Ltd	2,500,000	1.99
Bond Street Custodians Limited < Lam1 - D08017 A/C >	2,500,000	1.99
Mr Humberto Vieira	1,666,667	1.32
Richard Albarran < Albarran Family No 2 A/C >	1,333,334	1.06
Rolay Pty Ltd	1,333,334	1.06
Tuwele Pty Limited < Rosella Superannuation A/C >	1,250,000	0.99
Mr Gareth Graeme Macdougall	1,000,000	0.79
HSBC Custody Nominees (Australia) Limited	973,339	0.77
Realife Pty Ltd < E&G Super Fund A/C >	860,000	0.68
Australian Executor Trustees Limited < No 1 Account >	788,346	0.63
Tuwele Pty Ltd < Murphy Family A/C >	784,000	0.62
Slapdash Pty Ltd	700,000	0.56
Tempo (Aust) Pty Ltd	666,667	0.53
Washington H Soul Pattinson & Co Ltd	516,667	0.41
Acron Holdings Pty Limited < Acron Super Fund >	500,000	0.40
Dunecove Pty Limited < Pencars Super Fund A/C >	500,000	0.40
	103,579,127	82.32

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	16,000,000	5

United Networks Limited
Shareholder information
30 June 2017

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Autopilot Consulting Pty Ltd	38,208,124	30.37
Temont Pty Ltd	38,238,124	30.39
Farjoy Pty Ltd	6,300,000	5.01

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary	4 January 2019	76,705,781