BigAir Group Limited
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18 February 2014

The Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Attention: Company Announcement Officer

Dear Sir / Madam

Appendix 4D and Interim financial report 31 December 2013

In accordance with Listing Rule 4.2A, please find attached the Half-Year Appendix 4D and Interim Financial Report for the half-year ended 31 December 2013.

It is recommended that these half-year reports be read in conjunction with the Annual Report for the year ending 30 June 2013 and any public announcements made by the company during the half-year.

Yours sincerely

Charles Chapman
Company Secretary

About BigAir Group Limited
BigAir owns and operates Australia's largest metropolitan fixed wireless broadband network. The Australian business market comprises nearly one million businesses and BigAir's network provides near blanket coverage across its largest cities including Sydney, Melbourne, Brisbane, Perth, Adelaide, Newcastle, Gold Coast, Sunshine Coast and Darwin, with further rollout currently underway. BigAir provides data solutions through its Channel partners that include Tier 1 and Tier 2 carriers and IT service companies and also through its own Corporate solutions team that can design and manage large corporate communication networks.

The BigAir Unified Communications division provides customers with innovative, fully integrated Cloud, Managed Services and Unified communications solutions, designed to satisfy business requirements in delivering reliable, feature rich, business grade services, backed by industry leading service and support.

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia, with network infrastructure at more than 160 sites nationally, servicing large common areas and approximately 32,000 beds. BigAir is able to provide a complete end to end solution for student accommodation providers including both wireless and wired infrastructure delivering high speed broadband along with its advanced billing systems and 24/7 operational support systems. The Community Broadband division also supplies managed communications and WiFi solutions into Retirement Living villages, Shopping Centres, local councils and remote mining camps.

BigAir's competitive infrastructure advantage includes its state-of-the-art carrier-grade fixed wireless network which allows installation of dependable symmetric broadband services at speeds up to and beyond 1000Mbps with installation taking as little as a few hours. The fixed wireless network is also available in combination with traditional fixed line infrastructure such as fiber to provide critical network and application infrastructure with complete technology and carrier diversity.

For further information please visit www.bigair.com.au

BigAir Group Limited
APPENDIX 4D
Half-year Report 31 December 2013

(ABN 57 098 572 626)

Results for announcement to market

Current reporting period – half-year ended 31 December 2013

Previous corresponding reporting period – half-year ended 31 December 2012

Results				**A$**
Revenues from ordinary activities	Up	19%	To	17,832,129
EBITDA	Up	36%	To	7,352,604
Underlying EBITDA*	Up	35%	To	7,417,065
Profit from ordinary activities after tax attributable to members (NPAT)	Up	53%	To	3,104,528
Net profit for the period attributable to members	Up	53%	To	3,104,528
Underlying NPAT*	Up	44%	To	3,417,774

Dividends	$1,639,711 on 30 September 2013.

Commentary on results for the period

a. Acquisition costs associated with business combinations amounting to $64,461 have been included in EBITDA for the current reporting period.
b. Amortisation of acquired customer bases amounting to $383,034 have been included in NPAT for the current period.

* BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations. Please refer to note 7 below.

For further information on the results for the period refer to the review of operations section of the attached director's report.

Supplementary information

1.	**Net tangible assets per security**	Current period	Previous corresponding Period
	Net tangible assets per security	5.8 cents	6.2 cents

2. Details of entities over which control has been gained during the period

Name of entity	Intelligent IP Communications Pty Ltd	
Date of control	13 September 2013	
	Current period A$	Previous corresponding Period A$
Contribution to profit from ordinary activities before taxation	885,254	Nil

3. Details of dividend payments

In respect of the financial year ended 30 June 2013, a fully franked dividend of $1,639,711 was declared with a payment date of 30 September 2013. In respect of the financial year ended 30 June 2012, a maiden partially franked (19%) dividend of $1,623,573 was declared with a payment date of 28 September 2012.

4. Dividend re-investment plan

No dividend re-investment plan is in operation.

5. Associates or joint ventures

The Group had no associates or joint ventures during or at the end of the period.

6. Audit/review

The financial statements are not subject to review dispute or qualification.

7. Reconciliation of underlying EBITDA and underlying NPAT

	Current period	Previous corresponding period
EBITDA	7,352,604	5,396,413
Acquisition purchase price adjustment		(265,443)
Deal and restructure costs	64,461	361,521
Underlying EBITDA	**7,417,065**	**5,492,491**
NPAT	3,104,528	2,031,736
After tax effect of:		
Amortisation of acquired customer bases	268,124	271,800

Acquisition purchase price adjustment		(185,810)
Deal and restructure costs	45,122	253,065
Underlying NPAT	**3,417,774**	**2,370,791**

It is recommended that this report be read in conjunction with the Annual Report for the year ending 30 June 2013 and any public announcements made by the company during the half-year.

BigAir Group Limited

ABN 57 098 572 626

Interim financial report

for the half-year ended 31 December 2013

BigAir Group Limited and Controlled Entities
Interim financial report
(ABN 57 098 572 626)

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Directors' Report

The Directors of BigAir Group Limited ('BigAir') present their Report together with the financial statements of the consolidated entity, being BigAir ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2013.

Directors

The following persons were directors of BigAir during or since the end of the financial half-year:

- Mr Paul Tyler
- Mr Vivian Stewart
- Mr Jason Ashton
- Mr Nigel Jeffries

Review of operations

The continued strong growth achieved by BigAir Limited over the past six months is a clear indication of the success of the Company's strategy to build a scalable and sustainable business that delivers strong returns to shareholders. In keeping with our dividend policy, our second dividend of 1 cent per share for the year ended 30 June 2013, was paid on 30 September 2013.

Acquisitions

A series of successful acquisitions between 2010 and 2012 cemented the company's position as the largest provider of business grade fixed wireless broadband services in Australia, as well as the leading provider of managed Internet services to the tertiary student accommodation market. This laid the foundation for our recent expansion into the exciting new growth market segments of Cloud, Managed services and Unified Communications.

In the last six months we made a strategic entry into these markets via the acquisitions of Intelligent IP [IIPC] in September 2013 and Anittel Communications [ACPL] in January 2014. The integration of these recent acquisitions is on track to be completed before the end of 2015. These acquisitions once fully integrated are expected to expand our revenues and earnings significantly and ultimately to drive shareholder value.

IIPC was included in the 1H14 result for three months of the half year as it was consolidated from 1 October 2013, while ACPL did not contribute to the 1H14 result as the purchase was only completed effective 31 January 2014.

Financial Performance

Key highlights include:

- Revenue up 19% to $17.83 million (1H13: $14.97 million)
- Gross Profit up 20% to $12.56 million (1H13: $10.5 million)
- EBITDA up 36% to $7.35 million (1H13: $5.40 million)
- NPAT up 53% to $3.10 million (1H13: $2.03 million)
- Earnings Per Share up 48% to 1.85 cents (1H13: 1.25 cents)

Directors' Report (cont)

- Underlying[1] EBITDA up 35% to $7.42 million (1H13: $5.49 million)
- Underlying NPAT up 44% to $3.42 million (1H13: $2.37 million)
- Underlying Earnings Per Share up 40% to 2.04 cents (1H13: 1.46 cents)

The acquisition strategy is continuing to drive strong top line revenue growth, and it is particularly pleasing that the healthy margins we enjoy as an infrastructure owner continue to be preserved. We are now well positioned for the future given the company's greatly expanded suite of products and services.

IIPC and ACPL are the two largest and most significant acquisitions we have undertaken since we commenced our M&A strategy approximately 3.5 years ago. The acquisitions have given us considerable knowledge and intellectual property around Cloud, managed services and unified communications. These service offerings are highly complementary with our existing network solutions and customer assets and they will be consolidated, rationalised and enhanced to provide a broader portfolio of services to our entire customer base.

The cross-sell opportunity is already evident with IIPC where value added services already represent 38% of its revenue. A number of these offerings are based on intellectual property that we own. Leveraging this gives us a larger portion of the customer's spend, rather than paying out licence fees to third parties.

Industry network and managed services veteran Scott Atkinson (ex Dimension Data Cloud CTO for Mid-Market) has been appointed CTO of Cloud and Managed Services to develop and drive this portfolio. Scott has over 15 years experience in the managed services space, having previously owned a successful managed services company that was later acquired by Dimension Data.

Business Outlook

The company is in a unique position to benefit from attractive industry fundamentals that are expected to drive strong organic growth across the company's business solutions and community broadband divisions.

In addition to continued organic growth across existing businesses, the second half of the 2014 financial year will benefit from the inclusion of a full six months of revenue and earnings from IIPC as well as five months from ACPL. The company expects to complete the integration of these businesses by the end of 2015. In addition, a number of additional acquisition opportunities exist that could add further scale and leverage to our current market position.

With an expanded suite of business telecommunications solutions now in place, there are substantial opportunities to expand our revenue through cross-selling services to our existing customer base. The company has already had some initial success cross-selling the unified communications platform to our existing customers with one of the largest hotels in Sydney and a long standing data customer signing up in December 2013.

[1] The company considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations. For a reconciliation of underlying EBITDA and underlying NPAT please refer to note 7 of our Appendix 4D.

Directors' Report (cont)

The company is also having early success expanding the Community Broadband division into the newly identified growth markets of Retirement Living and Public WiFi. In December 2013 we successfully designed, built and delivered a proof of concept site for a shopping centre WiFi solution for an ASX100 company with an extensive retail property portfolio. We also delivered our first retirement village WiFi solutions into two brownfield sites last month for an existing customer that has a portfolio of approximately 70 retirement living sites.

The tertiary student market has also expanded in 2014 with total University student beds under contract growing to approx 32,000 spread across 160 sites. In addition BigAir has signed up its first student site for delivery of managed IPTV infrastructure alongside managed WiFi.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act is included on page 6 of this financial report, and forms part of this Directors' report.

Signed in accordance with a resolution of the directors.

Paul Tyler
Non-Executive Chairman
Director

Sydney, 18 February 2014

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Auditor's Independence Declaration
To The Directors of BigAir Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of BigAir Group Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner - Audit & Assurance

Sydney, 18 February 2014

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Independent Auditor's Review Report
To the Members of BigAir Group Limited

We have reviewed the accompanying half-year financial report of BigAir Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of BigAir Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BigAir Group Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N J Bradley
Partner - Audit & Assurance

Sydney, 18 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2013

	Consolidated	
	Half-Year Ended 31 December 2013 $	Half-Year Ended 31 December 2012 $
Revenue	17,832,129	14,970,055
Cost of sales	(5,273,587)	(4,514,164)
Gross profit	12,558,542	10,455,891
Other revenue	5,458	2,799
Other income	1,442	265,443
Employee benefits expense	(3,050,767)	(2,851,566)
General administration expense	(1,850,731)	(2,173,724)
Depreciation and amortisation expenses	(2,621,941)	(2,284,433)
Occupancy expense	(305,882)	(299,631)
Finance costs	(111,528)	(16,183)
Profit before income tax	4,624,593	3,098,596
Income tax expense	(1,520,065)	(1,066,860)
Profit for the period	3,104,528	2,031,736
Other comprehensive income	-	-
Total comprehensive income for the period	3,104,528	2,031,736
Total comprehensive income attributable to:		
- members of the parent entity	3,104,528	2,031,736
- non-controlling interest	-	-
	3,104,528	2,031,736
Earnings per Share:		
From continuing operations:		
Basic earnings per share (cents)	1.85	1.25
Diluted earnings per share (cents)	1.84	1.24

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
as at 31 December 2013

	Consolidated	
	31 December 2013 $	30 June 2013 $
Current Assets		
Cash and cash equivalents	2,297,038	2,101,074
Trade and other receivables	2,891,827	1,759,833
Inventories	457,099	-
Other assets	961,168	570,300
Total Current Assets	6,607,132	4,431,207
Non-Current Assets		
Other receivables	336,588	153,564
Property, plant and equipment	17,213,627	14,925,186
Deferred tax assets	668,862	773,491
Goodwill	25,482,330	15,626,657
Other intangible assets	2,513,907	2,919,337
Total Non-Current Assets	46,215,314	34,398,235
Total Assets	52,822,446	38,829,442
Current Liabilities		
Trade and other payables	3,252,378	2,086,370
Income received in advance	183,920	44,612
Current tax liabilities	2,132,563	1,613,862
Earn out provision	1,067,242	1,175,715
Provisions	776,751	533,774
Borrowings	2,360,536	27,208
Total Current Liabilities	9,773,390	5,481,541
Non-Current Liabilities		
Provisions	258,821	129,698
Borrowings	4,196,402	103,242
Total Non-Current Liabilities	4,455,223	232,940
Total Liabilities	14,228,613	5,714,481
Net Assets	38,593,833	33,114,961
Equity		
Share capital	31,827,748	27,705,562
Share option reserve	216,866	324,997
Retained earnings	6,549,219	5,084,402
Total Equity	38,593,833	33,114,961

The accompanying notes form part of these financial statements.

Consolidated Statement of Equity
for the half-year ended 31 December 2013

	Share capital $	Share option reserve $	Retained earnings $	Total $
Balance at 1 July 2012	26,974,670	206,073	1,956,651	29,137,394
Total comprehensive income for the period	-	-	2,031,736	2,031,736
Subtotal	-	-	2,031,736	2,031,736
Issue of shares on business acquisition	155,076	-	-	155,076
Issue of shares to employees	106,976	-	-	106,976
Issue of shares converted from options	303,620	-	-	303,620
Employee share-based payment options	-	194,836	-	194,836
Dividends	-	-	(1,623,573)	(1,623,573)
Balance at 31 December 2012	27,540,342	400,909	2,364,814	30,306,065
Balance at 1 July 2013	27,705,562	324,997	5,084,402	33,114,961
Total comprehensive income for the period	-	-	3,104,528	3,104,528
Subtotal	-	-	3,104,528	3,104,528
Issue of shares on business acquisition	3,447,555	-	-	3,447,555
Issue of shares to employees	136,860	-	-	136,860
Issue of shares converted from options	537,771	(196,551)	-	341,220
Employee share-based payment options	-	88,420	-	88,420
Dividends	-	-	(1,639,711)	(1,639,711)
Balance at 31 December 2013	31,827,748	216,866	6,549,219	38,593,833

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2013

	Consolidated	
	Half-year ended 31 December 2013 $	Half-year ended 31 December 2012 $
Cash flows from operating activities		
Receipts from customers	19,410,776	15,781,435
Payments to suppliers and employees	(12,884,169)	(11,182,868)
Interest received	5,458	2,799
Finance costs	(111,528)	(16,183)
Income taxes paid	(815,075)	(103,044)
Net cash provided by operating activities	5,605,462	4,482,139
Cash flows from investing activities		
Purchase of other intangible assets	(289,304)	(279,280)
Purchase of plant and equipment	(2,686,646)	(2,446,692)
Acquisition of subsidiaries, net of cash	(7,554,936)	-
Net cash used in investing activities	(10,530,886)	(2,725,972)
Cash flows from financing activities		
Proceeds from issue of share capital	288,775	300,096
Proceeds from bank loans	6,605,494	-
Repayment of bank loans	(179,006)	(85,879)
Dividends paid	(1,593,875)	(1,533,098)
Net cash provided by / (used in) financing activities	5,121,388	(1,318,881)
Net increase in cash held	195,964	437,286
Cash and cash equivalents at the beginning of the half-year	2,101,074	1,030,996
Cash and cash equivalents at the end of the half-year	2,297,038	1,468,282

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half-year ended 31 December 2013

1. Nature of operations

BigAir owns and operates Australia's largest metropolitan business fixed wireless broadband network. The Australian business market comprises nearly one million businesses, and BigAir's network provides near blanket coverage across its nine largest cities Sydney, Melbourne, Brisbane, Perth, Adelaide, Newcastle, Gold Coast, Sunshine Coast and Darwin, and is now also offering services in a number of regional markets. BigAir provides broadband and data services primarily through its channel partners who include ISPs, Carriers, and other IT service companies who have existing relationships with business customers in order to deliver BigAir's high speed, cost effective fixed wireless broadband solutions.

BigAir is also the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia, with network infrastructure at more than 160 sites across Australia. BigAir is able to provide a complete end to end solution for student accommodation providers including both wireless and wired infrastructure delivering high speed broadband along with its advanced billing systems and operational support systems.

BigAir's competitive infrastructure advantage includes its state-of-the-art business-grade fixed wireless network which allows it to install business-grade symmetric broadband services at speeds up to 1000Mbps and distances up to 30km from its base stations with installation taking as little as a few hours. Most of BigAir's competitors rely on access to Telstra's copper network which can take weeks to install a service and often does not deliver fast symmetric speeds.

2. General information and basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2013 and are presented in Australian dollar ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the board of directors on 18 February 2014.

Going concern basis of accounting

The consolidated interim financial statements have been prepared on a going concern basis. As at 31 December 2013, current liabilities exceed current assets by $3.2m. However it is noted that current liabilities include $2.4m of current borrowings which subsequent to period end have been refinanced in conjunction with the acquisition of Anittel Communications Pty Ltd, and the Group is not required to make principal repayments prior to 1 February 2015. Based on this subsequent refinance, forecast profitability and positive operating cash flows and ability to raise additional equity, management believe that the Group has adequate resources to support the going concern assumption.

Notes to the Financial Statements for the half-year ended 31 December 2013

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 13 Fair Value Measurement; and
- AASB 119 Employee Benefits (2011)

The effects of applying these standards are described below.

AASB 10 Consolidated Financial Statements
AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements
AASB 11 supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities – Non-Monetary-Contributions by Venturers. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

There is no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

AASB 13 Fair Value Measurement
AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Notes to the Financial Statements
for the half-year ended 31 December 2013

3. Significant accounting policies (cont)

AASB 119 Employee Benefits (September 2013)
AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the ‘corridor method’ and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

The Group does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the Group.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2013.

5. Acquisition of a business

(a) Intelligent IP Communications Pty Limited

On 6 August 2013, the Group entered into a share sale agreement to acquire all of the shares in Western Australia-telecommunications carrier Intelligent IP Communications Pty Ltd (“IIPC”). IIPC was founded in 2005 with a vision to build a licensed carrier that provides Unified Communications. Unified Communications is the blending of carriage, voice, high-definiation video and data services, from the core network to the customer's desktop. IIPC has successfully achieved this and has shown its clients that 'there are no boundaries' to effective communications anywhere in the world. IIPC is a leader in the field of Unified Communications. Unlike other Internet based solutions, IIPC provides a model which is secure and delivers voice calls, voice mails, faxes and other applications wherever you are, as if you're in the office. IIPC has more than 550 customers which include organisations involved in mining, retail, franchising, tourism, manufacturing and service industries. IIPC solutions are reliable, robust and efficient enough to reach areas such as remote mine camps, offshore islands and other continents using microwave and satellite technologies.

Notes to the Financial Statements for the half-year ended 31 December 2013

5. Acquisition of a business (cont)

(a) Intelligent IP Communications Pty Limited (cont)

IIPC has been consolidated into the Group from the date of control which was 13 September 2013.

	Consolidated	
	Acquiree's carrying amount	Fair Value*
	$	$
Fair value of consideration transferred		
Cash		6,500,000
Equity issued		3,500,000
Revenue earn out		1,067,242
		11,067,242
Less:		
Cash and cash equivalents	104,320	104,320
Receivables	807,286	807,286
Inventories	684,755	684,755
Other assets	209,660	209,660
Property, plant and equipment	1,034,125	1,034,125
Deferred tax asset	81,662	81,662
Payables	(1,710,239)	(1,710,239)
	1,211,569	1,211,569
Identifiable assets and liabilities assumed		1,211,569
Goodwill on acquisition		9,855,673

* Note that the fair values assessed above is provisionally accounted for.

Notes to the Financial Statements for the half-year ended 31 December 2013

5. Acquisition of a business (cont)

Intelligent IP Communications Pty Limited (cont)

Consideration transferred settled in cash	6,500,000
Cash and cash equivalents acquired	(104,320)
Net cash outflow on acquisition	6,395,680
Acquisition costs charged to expenses	84,750
Net cash paid relating to the acquisition	6,480,430

The initial accounting for this business combination is only provisionally complete as the acquisition occurred on 13 September 2013. The accounting will be finalised within 12 months of the acquisition. The assessment of the fair values of the identifiable net assets acquired of IIPC is preliminary.

Consideration transferred
The acquisition of IIPC was settled in cash of $6,500,000. Acquisition-related costs amounting to $84,750 are not included as part of consideration transferred and have been recognised as an expense in the Consolidated Statement of Profit or loss and Other Comprehensive Income, as part of ‘General administration expense’). The Group acquired IIPC for a purchase price comprising:

- $6,500,000 cash and $3,500,000 worth of BigAir shares (based on the 5 day volume weighted average price of BigAir shares as at 6 August 2013 which is 59.3c);
- Four semiannual earn out payments. The incremental EBITDA is measured against a baseline EBITDA of $1.4 million and calculated using a 3.0 times multiple of the increased incremental EBITDA after subtracting any prior earn out payments. The earn out periods are the rolling 12 month periods ending 31 December 2013, 30 June 2014, 31 December 2014 and 30 June 2015 and the payments will be made 80% in cash and 20% in BigAir shares.
- The total acquisition price is capped at a maximum of $20 million.

The current revenue earn out provision of $1,067,242 is to 31 December 2013, and the remaining earn outs will be assessed with the finalisation of acquisition accounting.

Identifiable net assets
The fair value of the trade and other receivables acquired as part of the business combination amounted to $807,286, with a gross contractual amount of $807,286.

Goodwill
Goodwill of $9,855,674 includes intangibles of which are yet to be identified and will be separately recognised on completion of acquisition accounting.

Notes to the Financial Statements for the half-year ended 31 December 2013

5. Acquisition of a business (cont)

Intelligent IP Communications Pty Limited (cont)

IIPC's contribution to the Group results
Revenue generated from the acquisition of IIPC included in the consolidated revenue of the Group for the reporting period amounted to $2,587,213. Net profit before taxation generated from the acquisition of IIPC included in the consolidated profit of the Group for the reporting period amounted to $885,254.

6. Segment reporting

Identification of reportable segments
The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service;
- the distribution method; and
- any external regulatory requirements.

Types of products and services by segment

(i) Fixed Wireless for Business
The BigAir fixed wireless broadband network consists of high speed infrastructure in the form of wireless basestations which are located on prominent rooftops in CBD areas and also on communication towers in regional areas. Each basestation can support hundreds of concurrent customers. Office buildings are connected to this network using carrier-grade wireless equipment with different types of equipment used for different customer applications. This division targets both the direct and wholesale Corporate communications market.

(ii) BigAir Community Broadband
The BigAir Community broadband division delivers managed high speed infrastructure to communities and includes the provision of fast and affordable Internet using Ethernet and high speed WiFi infrastructure. The focus of this segment is currently on the tertiary student accommodation segment however this is expected to expand to other markets in future years. The Community Broadband division makes use of high speed backhaul infrastructure delivered using the Fixed Wireless division.

Notes to the Financial Statements for the half-year ended 31 December 2013

6. Segment reporting (cont)

Types of products and services by segment (cont)

(iii) Unified Communications
Unified Communications is the blending of carriage, voice, high-definition video and data services, from the core network to the customer's desktop.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on management's estimate of time taken to service the business segment or based on the minimum expense required to service the business unit as a stand-alone business. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. No interest is charged on inter-segment loans.

The Group operates in one geographical area being in Australia.

During the six month period to 31 December 2013, BigAir acquired IIPC which provides Unified Communications and is a new operating segment for the Group. The Group did not discontinue any of its existing operations during the year.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Notes to the Financial Statements
for the half-year ended 31 December 2013

6. Segment reporting (cont)

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Unallocated item*s

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- derivatives;
- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations.

The following is an analysis of the revenue and results for the period, analysed by business segment, being the Group's basis of segmentation. All revenue is earned and all assets are located in Australia.

Notes to the Financial Statements for the half-year ended 31 December 2013

6. Segment reporting (cont)

(i) Segment performance

	Fixed wireless		Community broadband		Unifed Communications		Total	
Revenue	**31 Dec 2013 $**	**31 Dec 2012 $**	**31 Dec 2013 $**	**31 Dec 2012 $**	**31 Dec 2013 $**	**31 Dec 2012 $**	**31 Dec 2013 $**	**31 Dec 2012 $**
External sales	12,663,367	12,064,933	4,235,675	4,080,714	2,587,213	-	19,486,255	16,145,647
Intersegment sales	(1,651,981)	(1,175,592)	-	-	(2,145)	-	(1,654,126)	(1,175,592)
Sales revenue	11,011,386	10,889,341	4,235,675	4,080,714	2,585,068	-	17,832,129	14,970,055
Interest revenue	3,409	2,760	278	39	1,771	-	5,458	2,799
Total group revenue	11,014,795	10,892,101	4,235,953	4,080,753	2,586,839	-	17,837,587	14,972,854

Segment net profit from continuing operations before tax

	Fixed wireless		Community broadband		Unifed Communications		Total	
	31 Dec 2013 $	**31 Dec 2012 $**	**31 Dec 2013 $**	**31 Dec 2012 $**	**31 Dec 2013 $**	**31 Dec 2012 $**	**31 Dec 2013 $**	**31 Dec 2012 $**
	5,521,316	4,085,805	2,413,567	2,472,816	965,777	-	8,900,660	6,558,621

Reconciliation of segment result to group net profit before tax:
i. Amounts not included in segment result but reviewed by the Board:

Elimination of intersegment profits	-	-	(1,645,633)	(1,175,592)	(8,493)	-	(1,654,126)	(1,175,592)
Depreciation and amortisation	(2,229,231)	(2,061,445)	(320,680)	(222,988)	(72,030)	-	(2,621,941)	(2,284,433)
Impairment expense	-	-	-	-	-	-	-	-
Net profit before tax from continuing operations	3,292,085	2,024,360	447,254	1,074,236	885,254	-	4,624,593	3,098,596

Notes to the Financial Statements
for the half-year ended 31 December 2013

6. Segment reporting (cont)

(ii) Segment assets

	Fixed wireless		Community broadband		Unified Communications		Total	
	31 Dec 2013 $	30 June 2013 $	31 Dec 2013 $	30 June 2013 $	31 Dec 2013 $	30 June 2013 $	31 Dec 2013 $	30 June 2013 $
Segment assets	104,302,663	73,766,449	21,366,437	17,038,313	1,974,438	-	127,643,538	90,804,762
Segment asset additions for the period:								
Capital expenditure	1,965,932	4,081,142	570,535	718,224	150,179	-	2,686,646	4,799,366
Acquisitions	-	-	-	-	1,034,126	-	1,034,126	-
Reconciliation of segment assets to group assets:								
Intersegment eliminations	(62,287,886)	(60,409,939)	(19,736,735)	(15,684,232)	299,988	-	(81,724,633)	(76,094,171)
Deferred tax assets	663,547	768,176	5,315	5,315	-	-	668,862	773,491
Intangible assets	2,155,144	18,367,899	307,295	178,095	51,468	-	2,513,907	18,545,994
Total group assets	46,799,400	36,573,727	2,512,847	2,255,715	3,510,199	-	52,822,446	38,829,442

Notes to the Financial Statements for the half-year ended 31 December 2013

6. Segment reporting (cont)

(iii) Segment liabilities

	Fixed wireless		Community broadband		Unifed Communications		Total	
	31 Dec 2013 $	30 June 2013 $	31 Dec 2013 $	30 June 2013 $	31 Dec 2013 $	30 June 2013 $	31 Dec 2013 $	30 June 2013 $
Segment liabilities	65,805,353	50,301,392	21,042,807	17,395,355	5,835,272	-	92,683,432	67,696,747
Reconciliation of segment liabilities to group liabilities:								
Intersegment eliminations	(62,551,735)	(46,902,924)	(20,252,356)	(16,823,654)	(4,340,229)	-	(87,144,320)	(63,726,578)
Other financial liabilities	6,556,938	130,450	-	-	-	-	6,556,938	130,450
Current tax liabilities	2,126,429	1,607,728	6,134	6,134	-	-	2,132,563	1,613,862
Total group liabilities	11,936,985	5,136,646	796,585	577,835	1,495,043	-	14,228,613	5,714,481

7. Contingent liabilities

There has been no change in contingent liabilities since the end of the last annual reporting date.

8. Dividends

During the second half of calendar 2013, BigAir declared dividends of $1,639,711 to its equity shareholders (second half of 2012: $1,623,573). This represents a payment of $0.01 per share. No dividends were paid on new shares issued in 2013 pursuant to the Group’s share-based payment scheme.

9. Events subsequent to reporting date

On 20 December 2013, BigAir announced that it would acquire Anittel Communications Pty Ltd (‘ACPL’) from Anittel Group Limited (‘Anittel’) for a cash consideration of $6.5 million. The sale has been completed effective 31 January 2014.

ACPL contains the network infrastructure and telecommunications businesses of Anittel including its hosted cloud infrastructure. It offers a broad range of business communications services including Internet and data, Voice and Video (including Unified Communications) and Cloud Services.

Notes to the Financial Statements
for the half-year ended 31 December 2013

9. Events subsequent to reporting date (cont)

Anittel will continue to operate its IT Services and Hosted Collaboration Services ('HCS') businesses, and will enter into a reseller arrangement with BigAir for its communication services. In addition BigAir will also have access to the Anittel HCS offerings.

ACPL will operate as a wholly owned subsidiary within the BigAir Group. ACPL operates a national IP backbone with POPs in Sydney, Melbourne, Perth, Canberra and Hobart. ACPL provides network connectivity using a range of wholesale carrier relationships and various difference access technologies.

There is overlap between the ACPL and BigAir networks, and resulting opportunity for consolidation, network simplification and service enhancement. There are also synergies between the Unified Communications offerings of ACPL and Intelligent IP Communications Pty Ltd which was acquired by BigAir in September 2013.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 24, are in accordance with the Corporations Act 2001, including:

    a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and

    b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Paul Tyler
Non-Executive Chairman
Director

Sydney, 17 February 2014