Preliminary Final Report of BigAir Group Limited for the Financial Year Ended 30 June 2014

(ABN 57 098 572 626)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year ending 30 June 2014
Previous Corresponding Period:	Financial Year ending 30 June 2013

BigAir Group Limited
APPENDIX 4E – Preliminary final report
Full year ended 30 June 2014

(ABN 57 098 572 626)

1. Details of the reporting period

Current Period: 1 July 2013 – 30 June 2014

Previous Corresponding Period: 1 July 2012 – 30 June 2013

2. Results for announcement to the market

			Change %	Amount $
2.1	Revenue from ordinary activities	Up	40	to 41,741,070
	EBITDA	Up	25	to 14,656,387
	Underlying EBITDA*	Up	25	to 15,103,764
2.2	Profit from ordinary activities after tax attributable to members	Up	12	to 5,342,983
2.3	Net profit for the period attributable to members	Up	12	to 5,342,983
	Underlying NPAT	Up	24	to 6,290,253

2.4	Dividends (Distributions)	Amount per share (cents)	Franked amount per share (cents)
	Final dividend per share	1.1	1.0
	Final dividend dates		
	Record date	29 August 2014	
	Payment date	30 September 2014	

Brief explanation of Revenue, Net Profit and Dividends (Distributions):

*Once off acquisition and restructuring costs associated with business combinations amounting to $447,377 have not been included in underlying EBITDA for the current reporting 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 18 below.

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

3. *Statement of profit or loss and other comprehensive income with notes*

Refer attached annual report.

4. *Statement of financial position with notes*

Refer attached annual report.

5. *Statement of cash flows with notes*

Refer attached annual report.

6. *Statement of changes in equity*

Refer attached annual report.

7. *Details of dividends / distributions*

Refer to 2.4 above.

8. *Details of dividends / distribution reinvestment plan*

The company does not have a dividend reinvestment plan.

9. *Net tangible assets per security*

		Current Period	Previous corresponding period
	Net asset backing per share	24.5 cents	20.2 cents
	Net tangible asset backing per share (i)	4.2 cents	8.4 cents

(i) Excludes intangible assets

10. *Control gained or lost over entities 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	331,821	Nil

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Name of entity	**Anittel Communications Pty Ltd**	
Date of control	31 January 2014	
	Current period **A$**	**Previous corresponding Period** **A$**
Contribution to profit from ordinary activities before taxation	867,443	Nil

Name of entity	**Unistar Enterproses Pty Ltd**	
Date of control	30 April 2014	
	Current period **A$**	**Previous corresponding Period** **A$**
Contribution to profit from ordinary activities before taxation	169,944	Nil

11. Details of associated and joint

The Group does not have any interests in associates or joint ventures.

12. Other significant information

Refer attached annual report.

13. Accounting standards used by foreign entities

Not applicable.

14. Commentary on results

		Current Period	**Previous corresponding period**
14.1	Earnings per share Underlying Earnings per share*	3.15 cents 3.71 cents	2.91 cents 3.38 cents
14.2	Return to shareholders - final dividend	1.1 cent	1 cent

*Underlying Earnings per share is calculated by excluding the after tax acquisition, amortisation of acquired customer bases and restructuring costs associated with Business Combinations.

14.3 Significant features of operating performance

Refer the attached annual report (Directors' report)

14.4 Segment results

Refer attached annual report.

14.5 Trends in performance

Refer the attached annual report (Directors' report)

14.6 Other factors

Refer the attached annual report (Directors' report)

15. Audit / review of accounts upon which the report is based

This report is based on accounts which have been audited (refer attached annual report).

16. Accounts not yet audited or reviewed

Not applicable (see above).

17. Qualification of audit / review

There was no audit qualification.

18. Reconciliation of underlying EBITDA and underlying NPAT

	Current period	Previous corresponding period
EBITDA	14,656,387	11,737,036
Acquisition purchase price adjustment	-	(265,443)
Deal and restructure costs	447,377	594,941
Underlying EBITDA	**15,103,764**	**12,066,534**
NPAT	5,342,983	4,751,3233
After tax effect of:		

Amortisation of acquired customer bases	634,106	536,248
Acquisition purchase price adjustment	-	(185,810)
Deal and restructure costs	313,164	416,461
Underlying NPAT	**6,290,253**	**5,518,222**

BigAir Group Limited

Consolidated Entity

ABN 57 098 572 626

Annual report
for the financial year ended 30 June 2014

Contents

Corporate governance statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, BigAir Group Limited and its controlled entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Principle 1: Lay solid foundation for management and oversight

Functions of the Board and Management
The Board has adopted a charter that details the roles and responsibilities of the Board and its members and their relationship with management to achieve the objectives of delivering shareholder value. The Board's Charter, Continuous Disclosure Plan and Code of Conduct and Ethics are available for access by shareholders and the general public.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. These responsibilities include:

- Setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved.
- Appointing and, where appropriate, removing the Chief Executive Officer ('CEO'), and approving other key executive appointments and planning for executive succession.
- Overseeing and evaluating the performance of the CEO and the executive team through a formal performance appraisal process having regard to the Group's business strategies and objectives.
- Monitoring compliance with legal, regulatory and occupational health and safety requirements and standards.
- Overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level.
- Approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or divestitures.
- Approval of the annual and half-yearly financial reports.
- Ensuring the market and shareholders are fully informed of material developments.

The responsibility for the operation and administration of the Group is delegated by the Board to the Chief Executive Officer ('CEO') and the executive management team. The Board ensures that the executive team, including the CEO, are appropriately qualified and experienced to discharge their responsibilities and, as discussed above, has in place procedures to monitor and assess their performance.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following sub-committees:

- Audit and Risk Committee.
- Nomination and Remuneration Committee.

Sub-committees are able to focus on a particular responsibility and provide informed feedback to the Board. Each of these sub-committees have established Charters and operating procedures in place, which are reviewed on a regular basis. The Board may also establish other sub-committees from time to time to deal with issues of special importance.

Corporate governance statement

Senior Executive performance evaluation
The Board reviews the performance of the CEO and executive team on a half-yearly basis. Performance is measured against a set of key performance indicators which have been established with reference to the Group's strategy and the individual's responsibilities. This is in accordance with Corporate Governance Recommendation 1.2.

The Nomination and Remuneration Committee annually reviews and determines the remuneration arrangements for the CEO and executive team, submitting their recommendations to the Board for approval.

Principle 2: Structure the board to add value

The membership of the Board during the year ended 30 June 2014, including independence status and date of appointment and resignation (if applicable) was as follows:

Director	Status	Date of Appointment	Date of Resignation
Paul Tyler	Independent Non-Executive Chairman	15 September 2008	-
Nigel Jeffries	Non-Executive Director	9 May 2006	-
Vivian Stewart	Non-Executive Director	11 June 2008	-
Jason Ashton	Executive Director and Chief Executive Officer	7 June 2002	-

The Board considers that there should be an appropriate mix of skills, personal attributes and experience to enable the Board and individual directors to discharge their duties and responsibilities in the interest of and to maximise shareholder value.

The Board's composition is determined with regard to the following criteria:

- A majority of non-executive directors and an independent non-executive director as chairman.
- A majority of directors having extensive experience in the industries that the Group operates in, with those that do not, having extensive experience in significant aspects of financial reporting and risk management in large ASX listed companies.
- Re-election of directors at least every three years (except for the Chief Executive Officer).
- The size of the board is appropriate to facilitate effective discussion and efficient decision making.
- There are a sufficient number of directors to serve on Board sub-committees without overburdening the directors of making it difficult for the directors to effectively discharge their responsibilities.

With regards to director independence, the Board has adopted specific principles which state that an independent director must not be a member of management and must comply with the following criteria:

- Not, within the last three years, have been employed in an executive capacity by BigAir Group Limited or any other member of the Group.
- Not be a substantial shareholder or be associated either directly or indirectly with a substantial shareholder.
- Not, within the last three years, have been a professional advisor to the Group either as a principal, or material consultant, or an employee materially associated with the service provided.
- Are not a material supplier or customer of the Group or associated either directly or indirectly with a material supplier or customer of the Group.
- Have no material contractual relationship with any entity within the Group other than in the capacity as a director.

Corporate governance statement

During the financial year two Directors were, based on the above criteria, considered independent and is deemed adequate due to the size of the Company.

The Board undertakes an annual review of the extent to which each non-executive director is independent, having regard to the criteria set out in its Charter. As part of this review, each director is required to make an annual declaration stating their compliance with the independence criteria to the Board.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are set out in the Directors' Report which immediately follows on from this Corporate Governance Statement.

Role of the Chairman

The Board Charter provides that the Chairman should be an independent non-executive director. The Chairman is responsible for the leadership of the Board. This includes taking responsibility for ensuring that the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX with regard to communicating the operations and activities of the Group to shareholders. The Chairman's responsibilities are set out in the Board Charter and include:

- Setting the agenda for Board meetings.
- Managing the conduct, frequency and length of Board meetings to ensure that all directors have had the opportunity to establish a detailed understanding of the issues affecting the Group.
- Facilitating the Board meetings to ensure effective communication between the directors and that all directors have contributed to the decision making process thereby leading to a considered decision being made in the best interest of the Group and its shareholders.

The Board Committees

Two Board Committees have been established to assist in the discharge of the Board's responsibilities, the Audit and Risk Committee and a Nomination and Remuneration Committee. It has been the Boards policy that these Committees be chaired by an Independent Director. The Board may, at its discretion, establish other special purpose committees. The membership of the committees during the year ended 30 June 2014 is outlined below.

Committee Membership	Audit & Risk Committee	Nominations & Remuneration Committee	Date of Appointment	Date of Resignation
Paul Tyler	Chairman	Chairman	15 September 2008	-
Nigel Jeffries	Member	Member	9 May 2006	-
Vivian Stewart	Member	Member	11 June 2008	-
Jason Ashton	In attendance	-	7 June 2002	-

Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the Group's Chief Executive Officer. When a vacancy exists or there is a need for a particular skill, the Committee, in consultation with the Board, determines the selection criteria that will be applied. The Committee will then identify suitable candidates, with assistance from an external consultant if required, and will assist the Board in interviewing and assessing the selected candidates.

Corporate governance statement

Directors are initially appointed to office by the Board and must stand for re-election at the Group's next annual general meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the Chief Executive Officer. Details of attendance at Nomination and Remuneration Committee meetings are set out in the Meetings of Directors section of the Directors' Report.

Directors' performance evaluation
The Board undertakes an assessment of its collective performance, the performance of the Board committees and the Chairman on an annual basis. The Chairman meets each Director on an individual basis to discuss their performance and to provide feedback. The results of this discussion including any key areas for development are formally documented.

Each Board committee annually reviews the fulfillment of its responsibilities as set out in its Charter and provides a report with a summary of issues and recommendations for the Board's review. Upon review the Board will then provide their feedback to the Committee including an endorsement of the recommendations made. This is in accordance with Corporate Governance Recommendation 2.5.

Independent professional advice and access to information
Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice subject to prior consultation with, and approval from, the Chairman. This advice will be provided at the Group's expense and will be made available to all members of the Board.

Insurance
The Group has in place a Directors and Officers liability insurance policy providing a specified level of cover for current and former Directors and executive Officers of the Group against liabilities incurred whilst acting in their respective capacity.

All members of the Remuneration and Nomination Committee were non-executive directors for the financial year.

Principle 3: Promote ethical and responsible decision making

Code of Conduct
The Group recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Group.

The Group has established a Code of Conduct and a Directors and Officers Code of Conduct, copies of which are available on BigAir's website under the Investor Relations section. New employees are introduced to the Code of Conduct as part of their induction training. Employees sign a declaration confirming receipt of the Code of Conduct and their compliance with it. Periodic training is then provided throughout the course of their employment.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches are required to be reported on a timely basis to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence. External third party reporting procedures are available to employees to provide them with the assurance that their identity will be kept confidential at all times.

Share Trading Policy
The Group has established a share trading policy which governs the trading in the Group's shares and applies to all Directors and employees of the Group. Under this share trading policy, an executive, employee or director must not trade in any securities of the Group at any time when they are in possession of unpublished, price sensitive information in relation to those securities.

Before commencing to trade, an executive or employee must first obtain the permission of the Company Secretary to do so, and a director must obtain the permission of the Chairman. The trading windows are two weeks leading up to the release of the half year results, full year results and the holding of the Annual General Meeting. Trading of securities outside the trading windows can only occur in exceptional circumstances and with the approval of the Company Secretary. As required by the ASX listing rules, the Group notifies the ASX of any transaction conducted by Directors in the securities of the Group.

Diversity Policy
Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Group is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. However at this stage of its development, it is noted that the Company has a small Board of Directors, and a small management team which is geographically dispersed. This diversity policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available:

	2014		2015-2016	
	No	**%**	**No**	**%**
Women on the Board	0	0	0	0
Women in senior management roles	0	0	1	1
Women employees in the company	21	18	24	18

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in a Charter which is approved by the Board.

The purpose of the Committee is to:
- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations.
- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions.
- Ensure that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk.
- Oversee the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor.
- Regularly review the performance of the external auditor regarding quality, costs and independence.

Corporate governance statement

The Audit and Risk Committee is required under the Charter to meet at least twice a year and otherwise as necessary. The Committee met twice during the year and Committee members' attendance records are disclosed in the Directors' Meetings section of the Directors' Report. Both the Audit and Risk Committee and the Board is chaired by the same independent director due to the size of the Company.

The Chief Executive Officer, Chief Financial Officer and external auditor also regularly attend the Committee meetings by standing invitation. Other Directors and management are invited to attend Committee meetings and participate in discussion relating to specific issues that they have an interest in.

The Committee is authorised to obtain independent legal advice at the Group's expense if it considers it necessary in fulfilling its duties.

Principle 5: Make timely and balanced disclosure

BigAir Group Limited has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all investors have access to information on the Group's financial performance. This ensures that the Group is compliant with the information disclosure requirements under the ASX Listing Rules.

These policies and procedures include a Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of BigAir Group's securities, notifying them to the ASX, posting relevant information on the Group's website and issuing media releases. The policy is available on the Company's website. The Board continuously monitors for compliance.

Matters involving potential market sensitive information must first be reported to the Chief Executive Officer either directly or via the Company Secretary. The Chief Executive Officer will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Chief Executive Officer or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Group who are able to disclose such information. Board approval is required for market sensitive information such as financial results, material transactions or upgrading/downgrading financial forecasts. This approval is minuted in the meetings of the Board of Directors.

The Board is responsible for appointing the external auditor, subject to confirmation by shareholders at the Company's Annual General Meeting. The Audit and Risk Management Committee is responsible for implementing a selection process for appointment of the auditor and making a recommendation to the Board based on their assessment of the responses received from potential external auditors. In making any recommendation, the Audit and Risk Management Committee confers with senior executives on the responses received. The assessment of responses from potential external auditors takes into account a number of key criteria, including audit approach and methodology, internal governance processes, global resources, key personnel and cost.

Once the review process has taken place the Audit and Risk Management Committee provides the Board with information concerning the process adopted in undertaking the review, the recommended external auditor and the reasons for final recommendation. In line with current professional standards the Company requires the signing audit partner and review partner of its external auditor to rotate every 5 years.

Corporate governance statement

Principle 6: Respect the rights of the shareholders

BigAir Group Limited has established a Shareholder Communication Policy which describes the Group's approach to promoting effective communication with shareholders which includes:

- The annual report, including relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The annual report can be accessed either through the ASX website or BigAir Group's website.
- The half year and full year financial results are announced to the ASX and are available to shareholders via the BigAir Group and ASX websites.
- All announcements made to the market and related information (including presentations to investors and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of BigAir Group's website after they have been released to the ASX.
- Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting.
- Shareholding and dividend payment details are available through the Group's share registry, Boardroom Pty Limited.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit of the Group and the contents of the auditor's report.

Principle 7: Recognise and manage risk

Risk management framework

BigAir Group Limited recognises that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long term performance.
The following objectives drive the Group's approach to risk management:

- Having a culture that is risk aware and supported by high standards of accountability at all levels.
- Promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organisational processes.
- Supporting more effective decision making through better understanding and consideration of risk exposures.
- Increasing shareholder value by protecting and improving share price and earnings per share in the short to medium term while building a sustainable business in the longer term.
- Safeguarding the Group's assets.
- Enabling the Board to fulfil its governance and compliance requirements.
- Supporting the sign off for ASX Principles four and seven by the Chief Executive Officer and Chief Financial Officer.

In achieving effective risk management, BigAir Group Limited recognises the importance of leadership. As such, the Board and executive management have responsibility for driving and supporting risk management across the Group. Each subsidiary then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances.

Corporate governance statement

Audit and Risk Committee

Under its Charter, the Audit and Risk Committee has been delegated responsibility by the Board to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

The Committee reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and controls including:

- The existence and adequacy of key policies and procedures.
- The adequacy of disclosures and processes for regular reporting of information to the appropriate parties, including the Board.

The Committee is also responsible for monitoring the Group's compliance with applicable laws and regulations including:

- Ensuring that management is reviewing developments and changes in applicable laws and regulations relating to the Group's responsibilities.
- Reviewing management's actions and responses to ensure that the Group's practices are compliant with all new developments.
- Reviewing material actual and suspected breaches of applicable laws and regulations, and any breaches of Group policies.
- Reviewing material litigation, legal claims, contingencies or significant risks relating to the Group.
- Reviewing Director and executive management related party transactions.

The Audit and Risk Committee reports to the Board on the major issues and findings that are presented and discussed at its meetings.

Corporate reporting

The Board has required management to design and implement a risk management and internal control system to manage the Group's material business risks and to report on whether those risks are being effectively managed.

The Chief Executive Officer and Chief Financial Officer have reported and declared in writing to the Board as to the effectiveness of the Group's management of its material business risks, in accordance with Recommendation 7.2 of the ASX Corporate Governance Principles.

The Board has received the relevant declarations from the Chief Executive Officer and Chief Financial Officer in accordance with s295A of the Corporations Act 2001 and the relevant assurances required under Recommendation 7.3 of the ASX Corporate Governance Principles.

Corporate governance statement

Principle 8: Remuneration fairly and responsibly

Nomination and Remuneration Committee

As previously stated in Principle 2, the Board has established a Nomination and Remuneration Committee whose role is documented in a Charter which is approved by the Board. The objective of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management. These objectives include:

- Reviewing the adequacy and form of remuneration of Independent Non-Executive Directors.
- Ensuring that the remuneration of the Independent Non-Executive Directors is reflective of the responsibilities and the risks of being a Director of the Group.
- Reviewing the contractual arrangements of the Chief Executive Officer and the executive management team including their remuneration.
- Comparing the remuneration of the Chief Executive Officer and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value.
- Annually review key performance indicators of the Chief Executive Officer and executive team to ensure that they remain congruent with the Group's strategies and objectives.
- Reviewing the basis for remuneration of other Executive Directors of the Group for their services as Directors.
- Reviewing incentive performance arrangements when instructed by the Board.
- Reviewing proposed remuneration arrangements for new Director or executive appointments.

The Committee will submit their recommendations to the Board regarding the remuneration arrangements and performance incentives for the Chief Executive Officer and executive team. The Board will review these recommendations before providing their approval.

Details of the Group's remuneration structure and details of senior executives' remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report. The Remuneration Report also contains details on the structure of Non-Executive Director Remuneration.

Directors' Report
for the financial year ended 30 June 2014

The directors of BigAir Group Limited present their Report together with the financial statements of the consolidated entity, being BigAir Group Ltd ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2014.

Directors

The following persons were directors of BigAir Group Ltd during or since the end of the financial year.

Name	Particulars
Paul Tyler (Independent Non-Executive Chairman)	B.Eng, MBA. Over 20 years international experience in the Telecommunications industry holding executive roles in Nokia Siemens Networks, Nokia and Alcatel. Currently Head of the Asia Pacific Region at Nokia Siemens Networks and previously Managing Director of Nokia Siemens Networks for Australia, New Zealand and the Pacific Islands. Chairman of Nomination and Remuneration Committee and Audit Committee.
Jason Ashton (CEO and Managing Director)	B.Sc, M. Comm. CEO and co-founder of BigAir Group Limited (2001). Previously Jason was a co-founder and Managing Director of one of Australia's first business ISPs Magna Data, which was established in 1993 at the very inception of the commercial Internet industry, and eventually acquired by NTT Australia. Jason is a wireless technology evangelist and twenty year telecommunications industry veteran.
Nigel Jeffries (Non-Executive Director)	B. Comm. New Zealand based investor and CEO of Propertyiq NZ Ltd, a joint venture company of RP Data Pty Ltd and QV Ltd. 20 years' experience in senior positions in Information and Technology sector. Holds a Commerce degree from Massey University. Member of Nomination and Remuneration Committee and Audit Committee.
Vivian Stewart (Non-executive Director)	B.A.(Hons), MBA. Extensive background in IT&T industry, venture capital and corporate advisory. Co-founded two IT&T companies. Founder & Managing Director of Callafin - an independent corporate advisory firm specialising in sale, merger and acquisition transactions and related capital strategy. Member of Nomination and Remuneration Committee and Audit Committee.

The above named directors held office of the Company during and since the end of the financial year.

Directorships of other listed companies

None of the directors held directorships of other listed companies in the 3 years immediately before the end of the financial year.

Former partners of the audit firm

None of the officers of the Company were a partner in the auditor of the Group at any time prior to or during the financial year.

Directors' Report
for the financial year ended 30 June 2014

Company secretary

Name	Particulars
Charles Chapman (CFO and Company Secretary)	Chartered Accountant (CA), Certified Information Systems Auditor (CISA) Extensive experience working in senior executive roles providing operational and strategic leadership to both listed and private unlisted companies. Long service with PricewaterhouseCoopers, leading the provision of audit services for some of the firm's flagship clients. Driving force behind online share trading in South Africa with the listed PSG Group. Currently Chief Financial Officer of the Group.

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this directors' report, on pages 19 to 24.

Principal activities

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 major cities and now includes extensive regional coverage. 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 Cloud Managed Services 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. 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.

Directors' Report (cont)

Review of Operations

During FY14 BigAir expanded its suite of businesses by making a strategic entry into the Cloud and Managed Services space with the acquisitions of Intelligent IP Communications Pty Limited ("IIPC") and Anittel Communications Pty Limited ("ACPL"), broadening the range of services available to customers. The IIPC acquisition included a feature rich and highly competitive Unified Communications platform along with managed services capabilities. The ACPL acquisition included a broad range of business communication services including Internet and Data, Voice and Video (including Unified Communications) along with hosted Cloud infrastructure services.

These two strategic acquisitions also boosted top-line Revenue and EBITDA. The IIPC acquisition contributed $5.6 million of Revenue and Other Income during FY14 and was consolidated from 1 Oct 2013, while ACPL contributed $5.3 million and was consolidated from 1 Feb 2014.

BigAir's wireless engineering capabilities were also enhanced via the acquisition of Star-Tech Communications, a diversified wireless engineering business focusing on the installation of microwave and WiFi along with broadband distribution in multi-dwelling units and networked wireless surveillance cameras. Consolidated from 1 May 2014, Star-Tech Communications is a government-endorsed supplier with a highly experienced team of in-house engineers and project managers. Following a period of integration, the acquisition is expected to contribute in excess of $450k EBITDA per annum.

Combined these three acquisitions are already EPS accretive in FY14, and with further cost synergies expected along with a number of revenue cross selling opportunities the earnings contribution to BigAir is expected to grow strongly in FY15.

To support the ongoing expansion and growth of BigAir, the company made four key hires during 2H14, expanding its "C-level" management team from just two to six people:

- Scott Mason, previously Vice President, Marketing and Products at Optus Business, was appointed Chief Marketing Officer and will join the company next month;
- Scott Atkinson, previously Dimension Data's Cloud CTO for Mid-Market, was appointed CTO Cloud & Managed Services and joined the company in February;
- Aidan Mountford, previously with Anittel Communications, was appointed COO Networks joining the company in February;
- Tony Tilbrook, previously with Star-Tech Communications, was appointed Chief Technology Officer (Design & Construction) and joined the company in May.

With this deeply experienced senior management team now in place, BigAir has the skills and capabilities to capitalise on its expanded opportunities for growth, while realising further operational efficiencies across BigAir's businesses.

Directors' Report (cont)

Key Financial Highlights

During FY14 the company recorded a 40% increase in revenue to $41.7 million, with full year underlying EBITDA[1]up 25% to $15.1 million. The second half result was particularly strong with underlying EBITDA surging 29% to $8.5 million[2] (1H: $6.6 million) which provides strong momentum in underlying EBITDA run rate for FY15.

The continued strong growth in revenue and earnings reflects BigAir Group's expansion into the Cloud, Managed Services and Unified Communications market segments via the acquisitions of IIPC and ACPL, along with strong performances in Community Broadband and Fixed Wireless.

BigAir has continued to focus on building long term sustainable value for its shareholders. The financial year just ended was a year of transformation for BigAir as it made strategic entries into the Unified Communications market, and also the cloud and managed services markets. Through the acquisitions of IIPC and ACPL the company has acquired a set of highly valuable infrastructure and intellectual property assets which are highly complementary with its traditional data networking business.

These new divisions will help drive future organic growth from a new set of customers along with cross-selling into our existing customer base, offering our customers a new range of business Information Technology solutions. BigAir remains focused on leveraging its core network capability and the unique advantages offered by its national fixed wireless footprint. BigAir can now bundle a much richer range of solutions for its customers whilst enjoying expanded horizons of growth for the business as a whole, in new markets and new services.

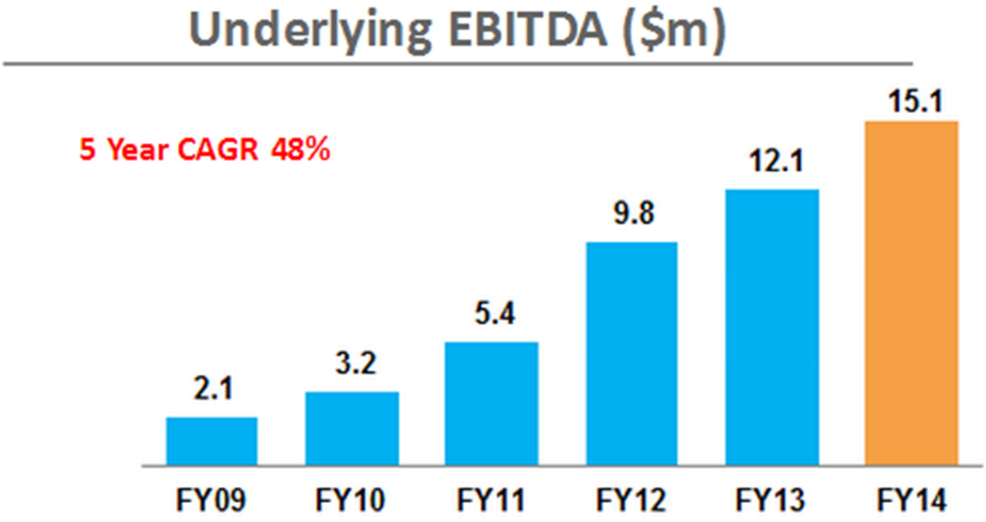
FY14 another record year

- Strong second half performance: underlying EBITDA $8.5m [1H: $6.6m]
- Full year revenue up 40% to $41.7 million
- Gross profit up 26% to $26.5 million
- Underlying EBITDA up 25% to $15.1 million
- Underlying Net Profit before Tax up 18% to $9.5 million
- Underlying Net Profit after Tax up 14% to $6.3 million
- Strong balance sheet with gearing (net debt to equity) of 25%
- Dividend up 10% to 1.1cps fully franked

[1]BigAir considers underlying EBITDA to be a more suitable indicator of operating performance since it is not affected by one-off costs associated with business combinations. One-off costs associated with business combinations amounted to $447,377 for the year.

[2]The underlying EBITDA for 1H14 was revised from $7.4 million to $6.6 million after changes in accounting treatment for certain research and development grant receipts which were received into revenue in 2013 for IIPC (consolidated 1 Oct 2013) which will now instead be recognised as other income in future periods thus deferring the realisation at the EBITDA line.

Directors' Report (cont)



The substantial increase in revenues over FY14 was driven by a partial consolidation of the three acquisitions made during the year, as well as organic growth in BigAir's existing businesses. The Community Broadband division performed particularly strongly reporting 12% growth versus FY13, and has a very strong pipeline of new business for FY15. The company is continuing to diversify this division into adjacent markets including Retirement Living, Shopping Centre WiFi, Council WiFi and Enterprise WiFi-as-a-service.

BigAir continues to enjoy an enviable position as the leader in business fixed wireless, with national coverage in all major metropolitan markets and continues to expand into selected new markets. BigAir's successful expansion during the year into a broader range of products will enable the company to further leverage its network advantage across the expanded product portfolio with the goal of significantly increasing spend per customer.

Business Outlook

BigAir is well placed to continue its growth trajectory during FY15 and beyond. BigAir has expanded its network infrastructure over a number of years and now it has started the process to diversify its revenue streams to include the Cloud and Managed Services segments which enables the Group to offer its customers a much more complete communications and IT solution as a package. The company has a strong record of adding shareholder value through strategic acquisitions and management remains positive on the outlook for FY15 as it completes the integration of acquisitions undertaken during FY14.

Expansion of the fixed wireless network in regional areas is a key priority for FY15 and it also expects to start to see revenue uplift from the diversification of the Community Broadband division into adjacent segments. During FY15 additional revenue and margin improvement is expected from the delivery of Cloud and Managed Services to its existing customer base.

BigAir has achieved compound aggregate Revenue growth rate of 45% over the last 5 years and in that time it has also grown underlying EBITDA at a compound aggregate growth rate of 48%. Management remains very confident about BigAir's growth opportunities. With a strong balance sheet, a greatly expanded service offering, and attractive new market opportunities, the company is well placed to continue growing shareholder value.

Directors' Report (cont)

Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- Acquisition of Intelligent IP Communications Pty Ltd:
    - On 13 September 2013, the Group acquired 100% of the equity instruments of Intelligent IP Communications Pty Ltd ('IIPC'), a Western Australia-based telecommunications carrier, thereby obtaining control. The acquisition was made to bring a new dimension to the Group with its highly successful Unified Communications platform and managed services capabilities. The cost of the acquisition was an upfront consideration of $10 million ($6.5 million in cash and $3.5 million in BGL shares) with a further $10 million to be paid based on the performance of IIPC in FY2014 and FY2015.

- Acquisition of Anittel Communications Pty Ltd:
    - On 31 January 2014, the Group acquired Anittel Communications Pty Ltd ('ACPL') from Anittel Group Limited ('Anittel') for a cash consideration of $6.5 million. ACPL contains the network infrastructure and telecommunications business of Anittel including its hosted cloud infrastructure. It offers a broad range of business communication services including Internet and Data, Voice and Video (including Unified Communications) and Cloud Services.

- Acquisition of Unistar Enterprises Pty Ltd (trading as Star-Tech Communications)
    - On 30 April 2014, the Group acquired 100% of the equity instruments of Unistar Enterprises Pty Ltd trading as Star-Tech Communications ('Star-Tech'), a telecommunications and wireless engineering services company. The Group had previously acquired the managed ISP division of Star-Tech in 2010 which marked its successful entrance into the tertiary student accommodation market. The cost of the acquisition was $1.2 million in BGL shares.

Dividends

In respect of the financial year ended 30 June 2014, a fully franked dividend of $1,901,596 was declared with a payment date of 30 September 2014. The Company paid a fully franked dividend of $1,639,711 in relation to the previous financial year.

Events arising since the end of the reporting period

Apart from the final dividend declared, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- The entity's operations in future financial years;
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.

Likely developments

Information on likely developments in the Group's operations and the expected results have not been included in this report because the directors believe it would likely result in unreasonable prejudice to the Group.

Directors' Report (cont)

Unissued shares under option

Unissued ordinary shares of the Group under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares ($)	Number under Option
23 December 2011	23 December 2016	0.282	1,860,000

All options expire on the earlier of their expiry date or termination of the employee's employment. These options were issued under either the Director and Executives Option Scheme or Employee' Option Scheme (described in Note 8 to the financial statements) and have been allotted to individuals on condition that they serve specified time periods as an employee of the Group before becoming entitled to exercise the options. These options do not entitle the holder to participate in any share issue of the Company. The 1,860,000 are held by 4 Directors and 10 Employees.

Shares issued during or since the end of the year as a result of exercise

During or since the end of the financial year, the Group issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Issued to	Date options granted	Issue price of shares ($)	Number under Option
Directors	23 December 2011	0.282	650,000
Employees	23 December 2011	0.282	643,333

Environmental legislation

The Group is not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnification of officers and auditors

During the year, the Company confirmed a contract insuring the directors, the Company secretary and all executive officers of the Company against a liability incurred by a director or officer to the extent permitted by the Corporations Act 2001. The insurance cover is effective from 1 November 2013 for a period of 12 months.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Directors' Report (cont)

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Board meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Paul Tyler	11	11	2	2	2	2
Vivian Stewart	11	11	2	2	2	2
Nigel Jeffries	11	11	2	2	2	2
Jason Ashton	11	11	2	2	-	-

A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

Directors' shareholdings

The following table sets out each director's relevant interest in shares and options over unissued shares of the Company as at the date of this report:

Director	Fully paid ordinary shares Number	Share Options Number
Jason Ashton	10,286,154	200,000
Nigel Jeffries	350,000	150,000
Vivian Stewart	2,538,174	150,000
Paul Tyler	1,526,735	150,000

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

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

Directors' Report (cont)

- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 9 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 25 of this financial report and forms part of this Directors' report.

Remuneration report (audited)

The Directors of BigAir Group Limited ('the Group') present the Remuneration Report for non-executive directors, executive directors and other key management personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration;
b. Details of remuneration;
c. Service agreements;
d. Share-based remuneration;
e. Bonuses included in remuneration; and
f. Other information.

(a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

BigAir Group Limited has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group. The Board has established a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Short term incentives, being employee share schemes and bonuses.

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Directors' Report (cont)

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Short term incentive (STI)

BigAir Group Limited performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the company values. The performance measures are set annually after consultation with the directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The KPI's for the Executive Team are summarised as follows:

Performance area:

- Financial – revenue and net profit after tax targets; and
- Non-financial - strategic goals set by each individual business unit based on job descriptions.

The STI program incorporates both cash and share-based components for the executive team and other employees. The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	30 June 2014 $	**30 June 2013 $**	**30 June 2012 $**	**30 June 2011 $**	**30 June 2010 $**
Revenue	41,741,070	29,911,909	22,906,677	15,521,014	7,581,086
Net profit/(loss) before tax	8,188,528	6,992,015	6,005,507	2,300,383	2,187,083
Net profit/(loss) after tax	5,342,983	4,751,323	4,225,483	1,535,479	1,531,633

	30 June 2014 cents per share	**30 June 2013 cents per share**	**30 June 2012 cents per share**	**30 June 2011 cents per share**	**30 June 2010 cents per share**
Share price at start of year	60.0	37.5	31.0	17.0	6.0
Share price at end of year	91.0	60.0	37.5	31.0	17.0
Interim dividend	-	-	-	-	-
Final dividend	1.1	1	1	-	-
Basic earnings per share	3.1	2.9	2.8	1.2	1.7
Diluted earnings per share	3.1	2.9	2.8	1.2	1.7

Directors' Report (cont)

Voting and comments made at the company's 2013 Annual General Meeting

BigAir Group Limited received more than 96% of "yes" votes on its remuneration report for the 2013 financial year. The company did not receive any specific feedback at the AGM on its remuneration report.

(b) Details of remuneration

The following persons acted as directors of BigAir Group Ltd during or since the end of the financial year:

Paul Tyler (Chairman, Non-executive director)
Nigel Jeffries (Non-executive director)
Vivian Stewart (Non-executive director)
Jason Ashton (Chief Executive Officer)
Charles Chapman (Chief Financial Officer & Company Secretary)

The highest remunerated KMP of the Group during or since the end of the financial year are:

Jason Ashton (Chief Executive Officer)
Charles Chapman (Chief Financial Officer & Company Secretary)

Remuneration packages contain the following key elements:

(a) Short term employment benefits – Salary and fees;
(b) Performance-related bonuses for key executives, based on achieving the revenue and net profit after tax targets set in the Board-approved budget;
(c) Performance-related bonuses for all staff, based on exceeding the Board-approved budget;
(d) Equity issued share-based payments – issued as part of the Employee Share Scheme; and
(e) Post-employment benefits – Superannuation of 9.25% of gross salary.
(f) Termination benefits

The directors and KMP received the following amounts as compensation for their services as directors and KMP of the Group during the financial year:

2014 Remuneration	Short-term Employment Benefits		Employee share issue payments	Post-employment benefits – Superannuation	Share-based option payments	Total
	Salary & Fees $	Cash Performance Bonus (i) $	$	$	$	$
Non-executive Directors						
Paul Tyler	86,031	-	-	7,598	13,208	106,837
Vivian Stewart	45,503	-	-	4,209	13,208	62,920
Nigel Jeffries	45,503	-	-	-	13,208	58,711
Key Management Personnel						
Jason Ashton	263,616	128,203	2,000	36,243	17,610	447,672
Charles Chapman	197,156	95,253	2,000	27,184	14,088	335,681
Total	**637,809**	**223,456**	**4,000**	**75,234**	**71,322**	**1,011,821**

Directors' Report (cont)

2013 Remuneration	Short-term Employment Benefits		Employee share issue payments	Post-employment benefits – Superannuation	Share-based option payments	Total
	Salary & Fees $	Cash Performance Bonus (i) $	$	$	$	$
Non-executive Directors						
Paul Tyler	67,062	-	-	6,036	30,228	103,326
Vivian Stewart	35,712	-	-	3,214	30,228	69,154
Nigel Jeffries	35,712	-	-	-	30,228	65,940
Key Management Personnel						
Jason Ashton	216,685	127,013	2,000	31,248	40,304	417,250
Charles Chapman	167,053	82,325	2,000	22,907	32,243	306,528
Total	**522,224**	**209,338**	**4,000**	**63,405**	**163,231**	**962,198**

(i) In the current financial year, cash performance bonuses paid to executive directors were as a result of the employee reaching certain revenue and net profit after tax targets, as well as participating in the Employee Share Scheme. In the prior year, cash performance bonuses were paid to senior management on the basis of reaching certain revenue and net profit after tax targets.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration	STI	LTI
Key management personnel			
Jason Ashton	64%	31%	5%
Charles Chapman	64%	31%	5%

Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

(c) Service agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Jason Ashton	$263,616	Unspecified	Three months
Charles Chapman	$220,853	Unspecified	One month

The base salary in the above table differs from the salary and fees in the 2014 remuneration table due to an increase in entitlements from 1 January 2014. There are no provisions for termination payments provided under these contracts.

Directors' Report (cont)

Under the BigAir Group Ltd constitution, one-third of the non-executive directors stand for re-election at each annual general meeting. The non-executive directors do not have employment contracts with the Group, and there is no requirement to provide notice prior to resignation.

(d) Share based remuneration

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for- one basis under the terms of the agreements.

Options

Options granted over unissued shares

Details of options over ordinary shares in the Company that were granted as remuneration to each key management personnel are set out below. Non-executive Directors are entitled to participate in the Executive Share Option Plan.

	Number granted	Grant date	Value per option at grant date ($)	Number exercised	Value exercised ($)	Number lapsed	Exercise price ($)	First exercise date	Last exercise date	% remunera-tion which is options
Jason Ashton	600,000	23/12/11	0.15	200,000	56,400	-	0.282	23/11/12	23/12/16	11.59
Charles Chapman	480,000	23/12/11	0.15	160,000	45,120	-	0.282	23/11/12	23/12/16	12.30
Paul Tyler	450,000	23/12/11	0.15	150,000	42,300	-	0.282	23/11/12	23/12/16	31.12
Nigel Jeffries	450,000	23/12/11	0.15	150,000	42,300	-	0.282	23/11/12	23/12/16	48.18
Vivian Stewart	450,000	23/12/11	0.15	150,000	42,300	-	0.282	23/11/12	23/12/16	45.97

The options were provided at no cost to the recipients. All options expire on the earlier of their expiry date or termination of the individual's employment. Option values at grant date were determined using the Black-Scholes method.

(e) Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

	Included in remuneration ($)	% vested in year	% forfeited in year
Key management personnel			
Jason Ashton	128,203	73%	27%
Charles Chapman	95,253	81%	19%

(f) Other information

Hedging of securities

In accordance with the Group's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or Director share plan.

Directors' Report (cont)

End of audited remuneration report.

Signed in accordance with a resolution of the directors made pursuant to s. 298(2) of the Corporations Act 2001.

On behalf of the directors

P Tyler
Chairman

Sydney
22 August 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 audit of BigAir Group Limited for the year ended 30 June 2014, 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 audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 22 August 2014

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

Report on the financial report

We have audited the accompanying financial report of BigAir Group Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of BigAir Group Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 19 to 23 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of BigAir Group Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 22 August 2014

Directors' Declaration

The directors of BigAir Group Ltd declare that:

1. the financial statements and notes of BigAir Group Limited, as set out on pages 30 to 97, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations; and

    b. give a true and fair view of the financial position as at 30 June 2014 and the performance for the year ended on that date of the consolidated group;

2. the directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2014;

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

4. the consolidated financial statements comply with International Financial Reporting Standards as stated in Note 1 to the financial statements.

This declaration is made in accordance with a resolution of the board of directors

P Tyler
Chairman

Sydney
22 August 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

		Consolidated	
		2014	**2013**
	Note	**$**	**$**
Revenue	4	41,741,070	29,911,909
Cost of sales	5	(15,214,915)	(8,864,473)
Gross Profit		26,526,155	21,047,436
Other revenue	4	8,872	8,570
Other income	4	422,255	265,443
Employee benefits expense	5	(8,847,154)	(6,660,402)
General administration expenses		(2,774,894)	(2,358,789)
Depreciation and amortisation expenses	5	(5,935,864)	(4,710,977)
Occupancy expenses		(669,975)	(556,652)
Finance costs	5	(540,867)	(42,616)
Profit before income tax		8,188,528	6,992,013
Income tax expense	6	(2,845,545)	(2,240,690)
Profit for the year		5,342,983	4,751,323
Other comprehensive income		-	-
Total comprehensive income for the year		5,342,983	4,751,323
Earnings per share			
- Basic (cents per share)	23	3.1	2.9
- Diluted (cents per share)	23	3.1	2.9

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position as at 30 June 2014

	Note	Consolidated 2014 $	2013 $
Assets			
Current Assets			
Cash and cash equivalents	29(a)	2,443,344	2,101,074
Trade and other receivables	10	4,114,050	1,759,833
Other assets	11	871,662	570,300
Total current assets		7,429,056	4,431,207
Non-current assets			
Other receivables	12	438,535	153,564
Property, plant and equipment	13	24,318,641	14,925,186
Deferred tax assets	19	563,424	773,491
Goodwill	14	31,537,135	15,626,657
Other intangible assets	15	2,892,502	2,919,337
Total non-current assets		59,750,237	34,398,235
Total assets		67,179,293	38,829,442
Liabilities			
Current liabilities			
Trade and other payables	16	6,640,286	3,262,085
Income received in advance	17	1,209,965	44,612
Borrowings	18	1,774,190	27,208
Current tax liabilities	19	784,649	1,613,862
Provisions	20	973,339	533,774
Total current liabilities		11,382,429	5,481,541
Non-current liabilities			
Income received in advance	17	956,242	-
Borrowings	18	12,165,372	103,242
Provisions	20	394,933	129,698
Total non-current liabilities		13,516,547	232,940
Total liabilities		24,898,976	5,714,481
Net assets		42,280,317	33,114,961
Equity			
Share capital	21	33,240,044	27,705,562
Share option reserve	22	252,599	324,997
Retained earnings		8,787,674	5,084,402
Total equity		42,280,317	33,114,961

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

	Consolidated			
	Share capital	Share option reserve	Retained earnings	Total
	$	$	$	$
Balance at 30 June 2012	26,974,670	206,073	1,956,651	29,137,394
Total comprehensive income for the period	-	-	4,751,323	4,751,323
Issue of shares on business acquisition	155,076	-	-	155,076
Issue of shares to employees	106,976	-	-	106,976
Issue of share capital under share-based payment	468,840	(165,220)	-	303,620
Employee share-based payment options	-	284,144	-	284,144
Dividends	-	-	(1,623,572)	(1,623,572)
Balance at 30 June 2013	27,705,562	324,997	5,084,402	33,114,961
Total comprehensive income for the period	-	-	5,342,983	5,342,983
Issue of shares on business acquisitions	4,836,351	-	-	4,836,351
Issue of shares to employees	136,860	-	-	136,860
Issue of share capital under share-based payment	561,271	(196,551)	-	364,720
Employee share-based payment options	-	124,153	-	124,153
Dividends	-	-	(1,639,711)	(1,639,711)
Balance at 30 June 2014	33,240,044	252,599	8,787,674	42,280,317

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
for the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Cash flows from operating activities			
Receipts from customers		44,265,737	32,415,256
Payments to suppliers and employees		(30,142,500)	(21,962,232)
Interest received		8,872	8,570
Dividends received		-	-
Finance costs		(540,867)	(42,616)
Income taxes paid		(3,082,924)	(1,691,948)
Net cash from operating activities	29(e)	10,508,318	8,727,030
Cash flows from investing activities			
Purchase of plant and equipment		(6,453,870)	(4,799,366)
Purchase of intangible assets		(659,123)	(517,375)
Proceeds from sale of plant and equipment		23,231	33,500
Acquisition of business		(1,159,256)	(1,036,445)
Payment for subsidiaries, net of cash acquired		(13,734,995)	-
Net cash used in investing activities		(21,984,013)	(6,319,686)
Cash flows from financing activities			
Proceeds from issue of share capital		364,720	303,620
Receipt/(repayment) of borrowings		13,059,509	(97,811)
Dividends paid		(1,606,264)	(1,543,075)
Net cash used in financing activities		11,817,965	(1,337,266)
Net increase/(decrease) in cash and cash equivalents		342,270	1,070,078
Cash and cash equivalents at the beginning of the financial year		2,101,074	1,030,996
Cash and cash equivalents at the end of the financial year	29(a)	2,443,344	2,101,074

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

1. General information and statement of compliance

BigAir Group Limited (the Company) is the Group's ultimate parent company. BigAir Group Limited is a public company listed on the Australian Securities Exchange (trading under the symbol 'BGL'), incorporated and domiciled in Australia.

Registered office and principal place of business
Level 1
59 Buckingham Street
Surry Hills NSW 2010
Tel: (02) 9993 1300

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). BigAir Group Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2014 (including comparatives) were approved and authorised for issue by the board of directors on 22 August 2014 (See Note 36).

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis. As at 30 June 2014, current liabilities exceed current assets by $4m. However it is noted that current liabilities include a current tax provision of $785k and a one off provision of $1.9m for the earnout of IIPC. In addition, current liabilities include $1.5m of current borrowings, where the Group is not required to make principal repayments prior to 1 February 2015. Based on this 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 Consolidated Financial Statements for the year ended 30 June 2014

2.1. New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements (AASB 10)
AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities. The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group

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)
AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

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

AASB 12 Disclosure of Interests in Other Entities (AASB 12)
AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

AASB 13 Fair Value Measurement (AASB 13)
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. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

2.1. New and amended standards adopted by the Group (cont)

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year, see Notes 18 and 30.

AASB 119 Employee Benefits (AASB 119)
The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change 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 expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements. Consequential amendments were also made to other standards via AASB 2011-10.

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

AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures (AASB 127, AASB 128)
As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued. AASB 127 now only deals with separate financial statements. AASB 128 incorporates the requirements in Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, and guidance relating to the equity method for associates and joint ventures.

These revised standards have been adopted for the first time for the financial year ending 30 June 2014, and there has bene no impact on the financial statements because they introduce no new requirements.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
AASB 2011-7 makes various consequential amendments to Australian Accounting Standards arising from AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

2.1. New and amended standards adopted by the Group (cont)

These amendments have been adopted for the year ending 30 June 2014, and have had no significant impact on the entity given that they are largely of the editorial nature.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
The Group has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle
The Group has applied AASB 2012-5 from 1 July 2013. The amendments affect five Ausralian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1: Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position nin accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification fo the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments
The Group has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The Group has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

2.2. Accounting standards issued but not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

2.2. Accounting standards issued but not yet effective and have not been adopted early by the Group (cont)

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements are provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2018)
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial instruments that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
    - The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
    - The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

Consequential amendments arising from AASB 9 are contained in AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures.

The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and that the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

2.2. Accounting standards issued but not yet effective and have not been adopted early by the Group (cont)

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entitiy as this standard merely clarifies existing requirements in AASB 132.

AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

AASB 1031 Materiality (December 2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

2.2. Accounting standards issued but not yet effective and have not been adopted early by the Group (cont)

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
These amendments:

- Add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- Allow the changes to address the so-called 'own credit' issue that were already include din AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- Defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Note that subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to '1 January 2018'.

The entity has not yet assessed the full impact of these amendments.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)
Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards
arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entitiy.

AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)
Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

2.2. Accounting standards issued but not yet effective and have not been adopted early by the Group (cont)

AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)
Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)
Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge

Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

The entity has not yet assessed the full impact of these amendments.

AASB Interpretation 21 Levies
Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

Interpretation 21 is an interpretation of AASB 137 Provisions, Contingent Liabilities and Contingent Assets. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is first adopted for the year ending 30 June 2015, there will be no material impact on the financial statements as the entity is not subject any levies addressed by this interpretation.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

2.2. Accounting standards issued but not yet effective and have not been adopted early by the Group (cont)

Standards and interpretations issued by the IASB, but not yet by the AASB

IFRS 15 Revenue from Contracts with Customers

IFRS 15:

- replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations
- establishes a new control-based revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In the Australian context, the AASB is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers), along with a new Exposure Draft (ED) on income from transactions of Not-for-Profit (NFP) entities by September 2014.

The entity has not yet assessed the full impact of this Standard.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Basis of consolidation

The consolidated financial stements incorporate the assets and liabilities of all subsidiaries of BigAir Group Limited ('the Company') as at 30 June 2014 and the results of all subsidiaries for the year then ended. BigAir Group Limited and its subsidiaries together are referred to in these financial statements as 'the Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(c) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any noncontrolling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. The measurement period is the period from the date of acquisition to the date the Group obtain complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

(d) Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(e) 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. 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 product or service;
- the distribution method; and
- any external regulatory requirements.

Types of products and services by segment

(i) Fixed Wireless for Business

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 network consists of high speed wireless infrastructure located at points of presence (POPs) which are typically premium rooftop locations in CBD areas and also on communication towers in outer metropolitan and 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. The fixed wireless network is also available in combination with traditional fixed line infrastructure such as fibre to provide critical network and application infrastructure with complete technology and carrier diversity.

(ii) BigAir Community Broadband

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within 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 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.

The Community Broadband division makes use of high speed backhaul infrastructure delivered using the Fixed Wireless division.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(e) Segment reporting (cont)

(iii) Cloud Managed Services

The BigAir Cloud and Managed Services 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.

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. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, price protection, rebates and other similar allowances.

(i) Standard wireless and internet usage

Standard wireless and internet usage charges are billed to subscribers on a monthly basis in advance. These charges are recorded as income received in advance on the statement of financial position until the end of the month to which they refer, at which time they are recognised as revenue.

(ii) Excess internet usage

Excess broadband Internet usage and VOIP (voice over internet protocol) charges billed to subscribers are recognised as revenue over the period during which the services are provided.

(iii) Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(g) Research and Development tax offset

The Group applies AASB 120 Accounting for Government Grants and Disclosure of Government Assistance in accounting for the Research & Development (R&D) Tax Offset, whereby a credit is recognised in profit before tax over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred. Where R&D costs are capitalised, the government grant income is deferred and recognised over the same period that such costs are amortised.

(h) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

(i) Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 25).

(j) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 14 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to section (m) for a description of impairment testing procedures.

(k) Other intangible assets

<u>Intangible assets acquired separately</u>

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis. See section (m) for the policy applying to the impairment of long lived assets.

<u>Intangible assets acquired in a business combination</u>

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(k) Other intangible assets (cont)

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

Customer bases

Customers bases acquired are recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Such costs are amortised over the expected period of economic benefit derived from the customer acquired. Customer bases are reviewed for impairment at the end of the financial year. Any impairment charge is recorded separately.

Spectrum licences

Spectrum licence assets acquired as part of a business combination are measured at their fair value at the date of acquisition less accumulated amortisation and impairment charges. The amortisation of spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset based on the current renewal dates of each licence. The renewal date of the 3.4Ghz spectrum licenses is 13 December 2015.

Subscriber acquisition costs

Direct subscriber acquisition costs in relation to customer contracts are recognised as an asset where it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Subscriber acquisition costs recognised as an asset are amortised from the inception of the contract over the lesser of the period of the contract and the period during which the future economic benefits are expected to be obtained, and reviewed for impairment at the end of the financial year (see Note 3(w)).

Subscriber acquisition costs not recognised as an asset are expensed as incurred.

Internally developed software

Expenditure on the research phase of projects to develop new customised software for IT and telecommunication systems is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits

3. Summary of accounting policies (cont)

(k) Other intangible assets (cont)

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee (other than Directors) costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement
All intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition they are subject to impairment testing as described in Note (m).

The following useful lives are applied:

• Software	10 years
• Customer bases	5 years
• Subscriber acquisition costs	1-3 years
• Spectrum asset	9 years
• Internally developed software	10 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing as described in Note (m). Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(l) Property, plant and equipment

Plant and equipment, leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Costs directly attributable to the development of the broadband infrastructure are recorded as assets. Costs include antennae, base stations, building-wide cabling and other items related to preparing the infrastructure for use.

Maintenance, repairs and minor replacements of the broadband infrastructure are charged to the statement of profit or loss and other comprehensive income when incurred. Major replacements, improvements and upgrades to the infrastructure are capitalised and depreciated over the remaining useful life of the asset.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values

3. Summary of accounting policies (cont)

(l) Property, plant and equipment

and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

The following estimated useful lives are used in the calculation of depreciation:

• Office furniture and fittings	4 years
• Computer and office equipment	3 years
• Broadband infrastructure	5 - 7 years
• Information technology	10 years
• Motor vehicles	5 years
• Leasehold improvements	10 years

(m) Leased assets

Finance leases
The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases
All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(n) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(n) Impairment testing of goodwill, other intangible assets and property, plant and Equipment (cont)

Cash-generating units to which goodwill has been allocated (determined by the Group's management on a company basis) are tested for impairment at least annually. All other individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined for all cash-generating units and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(o) Financial instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

3. Summary of accounting policies (cont)

(o) Financial instruments (cont)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(q) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

<u>Tax consolidation</u>

BigAir Group Limited and its entire wholly-owned Australian subsidiaries are part of a tax consolidated group under Australian taxation law. BigAir Group Limited is the head entity in the tax-consolidated group.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax

3. Summary of accounting policies (cont)

(q) Income taxes (cont)

assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in Note 6. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Share option reserve – comprises of equity-settled share-based remuneration plans for the Group's employees (see Note 3(t))
- Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date. All transactions with owners of the parent are recorded separately within equity.

(t) Post-employment benefits and short-term employee benefits

Short-term employee benefits
Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(t) Post-employment benefits and short-term employee benefits (cont)

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

(u) Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up are allocated to share capital.

(v) Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood

3. Summary of accounting policies (cont)

(v) Provisions, contingent liabilities and contingent assets (cont)

that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination (See Note 3(c)). In a business combination, contingent liabilities are recognised on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount recognised on the acquisition date, less any amortisation.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

(w) Goods and services tax

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

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

(x) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

<u>Capitalisation of internally developed software</u>

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see Note (j)).

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(x) Significant management judgement in applying accounting policies (cont)

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note (p)).

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Subscriber acquisition costs

Direct subscriber acquisition costs in relation to customer contracts are recognised as an asset by the Group, as the future economic benefits arising as a result of incurring these costs are expected to flow to the Group. Subscriber acquisition costs are those costs that are directly attributable to establishing specific contracts and would not have been incurred had those contracts not been entered into.

Subscriber acquisition costs are amortised from the date of initial recognition over the period during which the future economic benefits are expected to be obtained. This period is the term of the customer contract, as customers are not expected to terminate contracts prior to the end of their contracted term. No adjustment to recorded costs or amortisation was required for the financial year.

Useful lives of depreciable assets

As described in Note 3(k), the Group reviews the estimated useful lives of property, plant and equipment at the end of each financial year. The Group adjusted the remaining effective useful life of its assets to better reflect their actual usage and future economic benefit.

Utilisation of tax losses

The Company and its wholly-owned Australian subsidiary elected to join as members of a tax consolidated group under Australian taxation law as of 1 July 2007. Each entity in the tax consolidated group contributed tax losses to the Group. The Group will use the losses by the available fraction of each bundle of losses transferred. The Group has assessed the ability to utilise the losses against future taxable income. The Group has generated taxable income in the current financial year and the losses will be used over the next year.

Fair valuation of assets

Assets acquired are measured at fair value on the acquisition date of the total consideration transferred. The Group has purchased capital assets and intangible assets as part of their normal course of operations. The fair value measurement of property, plant and equipment and intangible assets is described in Note 3(k) and 3(l). The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

3. Summary of accounting policies (cont)

(x) Significant management judgement in applying accounting policies (cont)

performed in assessing recoverable amounts incorporate a number of key estimates. Refer to Note 13, 14 and 15 in regards to impairment of assets for the consolidated group.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 3(c)). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cashgenerating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

4. Revenue

An analysis of the Group's revenue for the year from continuing operations is as follows:

	Consolidated	
	2014 $	2013 $
Sales revenue:		
Fixed wireless	22,212,896	21,868,708
Community broadband	9,036,792	8,043,201
Cloud managed services	10,491,382	-
	41,741,070	29,911,909
Other revenue:		
Interest from bank deposits	8,872	8,570
Total revenue	41,749,942	29,920,479
Other income:	422,255	265,443

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

5. Profit for the year before tax

Profit for the year includes the following expenses:

		Consolidated	
	Note	2014 $	2013 $
Cost of sales	(i)	15,214,915	8,864,473
Depreciation of non-current assets	13	4,442,193	3,357,013
Amortisation of subscriber acquisition costs	15	498,646	480,096
Amortisation of customer bases	15	887,225	766,068
Amortisation of spectrum asset	15	107,800	107,800
		5,935,864	4,710,977
Impairment of trade receivables (ii)	10	114,689	49,803
Impairment of consumables		-	14,423
(Profit)/Loss on disposal of fixed assets		(21,892)	5,747
Deal and restructure costs		447,377	594,941
Operating lease rental expenses:			
Minimum lease payments		513,029	402,157
Finance costs		540,867	42,616
Employee benefit expense:			
Defined contribution plan		672,713	463,291
Share-based payments		136,860	106,976
Other employee benefits		8,037,581	6,090,136
		8,847,154	6,660,402

(i) The cost of sales includes costs attributable to the provision of services that are sold by the Group. These costs include both fixed and variable costs.

(ii) Impairment of trade receivables is included in general administration expenses and is net of reversals of prior year impairment losses reversed.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

6. Income taxes

	Consolidated 2014 $	Consolidated 2013 $
Tax expense comprises:		
Current tax expense	2,696,578	2,265,969
Deferred tax expense/(income)		
-Origination and reversal of temporary differences	148,967	(25,279)
	2,845,545	2,240,690

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

	2014 $	2013 $
Profit from operations	8,188,528	6,992,013
Income tax expense calculated at 30%	2,456,558	2,097,604
Permanent differences		
Non-deductible amortisation of customer base	129,228	119,660
Share based payment	51,304	97,536
Accounting expenditure subject to R&D	184,216	-
Other	24,239	(74,110)
Current income tax expense	2,845,545	2,240,690

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

There was no income tax recognised directly in equity during the period.

Deferred tax balances

Deferred tax assets arise from the following:

	2014 $	2013 $
Tax losses	501,340	848,412
Temporary differences	62,084	(74,921)
	563,424	773,491

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

6. Income taxes (cont)

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

2014	Consolidated Opening balance $	Recognised in business combination $	Recognised in profit and loss $	Closing balance $
Non-current assets				
Capitalised subscriber acquisition costs	(493,475)	-	(48,143)	(541,618)
Acquired customer bases	(373,952)	(242,314)	130,669	(485,597)
Current liabilities				
Provisions	237,381	213,155	118,145	568,681
Accruals/income in advance	536,669	-	(25,032)	511,637
Blackhole expenditure	18,456	-	(9,475)	8,981
Tax losses – revenue	848,412	-	(347,072)	501,340
	773,491	(29,159)	(180,908)	563,424

Presented in the statement of financial position as follows:

Deferred tax asset	1,049,021
Deferred tax liability	(485,597)
	563,424

2013	Consolidated Opening balance $	Recognised in business combination $	Recognised in profit and loss $	Closing balance $
Non-current assets				
Capitalised subscriber acquisition costs	(482,291)	-	(11,184)	(493,475)
Acquired customer bases	-	(468,274)	94,322	(373,952)
Current liabilities				
Provisions	265,799	14,175	(42,593)	237,381
Accruals/income in advance	509,325	-	27,344	536,669
Blackhole expenditure	45,910	-	(27,454)	18,456
Tax losses – revenue	-	1,032,014	(183,602)	848,412
	338,743	577,915	(143,167)	773,491

Presented in the statement of financial position as follows:

Deferred tax asset	1,147,443
Deferred tax liability	(373,952)
	773,491

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

6. Income taxes (cont)

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The entity has recorded a profit in the current period in the tax jurisdiction to which the deferred tax asset relates. Financial analysis by the Group supports the recognition of this asset.

Tax consolidation

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The head entity within the tax consolidated group is BigAir Group Ltd. The members of the tax consolidated group are identified at Note 26.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, BigAir Group Ltd and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

7. Key management personnel compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014. The total of remuneration paid to key management personnel of the Group is set out below:

	Consolidated	
	2014 $	2013 $
Short term employment benefits	861,265	731,562
Post-employment benefits	75,234	63,405
Employee share issues	4,000	4,000
Options	71,322	163,231
	1,011,821	962,198

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

7. Key management personnel compensation (cont)

Contracts for services of key management personnel

Under the Company constitution, one-third of the non-executive directors stand for re-election at each annual general meeting. The executives have in place standard contracts with the Company which allow either party to give three months' notice to terminate the contract of employment. No termination payments have been provided for under these contracts.

8. Share-based payments

The Group has two ownership-based remuneration plans for directors and employees. The following sets out the rules for the employees and director and executives schemes. These shares have a trading lock of three years.

a) Employees' Share Plan

On 23 December 2013, there were 168,949 (28 December 2012: 184,441) shares issued to employees under the Employee Share Plan.

b) Director and Executives Share Option Plan

The board may, at its discretion and in accordance with the Company's constitution, the Corporations Act 2001 and the ASX Listing Rules and subject to shareholder approval, issue options to directors and executives to subscribe for shares on terms and conditions as determined by the board from time to time, based upon performance.

Directors and executives have been issued options to subscribe for ordinary shares in the capital of the Company. Those options have certain conditions including staged vesting rights and continued involvement of directors and executives with the Company for specified periods of time.

The options carry no rights to dividends and no voting rights.

Each option will expire on the date specified on the Option Certificate, being, a date at the discretion of the Board but, in any event, not more than 5 years from the date of issue of the option. Options automatically lapse if not exercised before expiry. The exercise price for per option will be the volume weighted average price of the shares over the 30 days immediately prior to the date of issue of the options. There are no loans applicable to the granting of these options. None of the directors and executives have received options under the Executive Share Option Plan previously.

Director and executives options	2014 No.
Balance at beginning of the financial year	4,230,000
Granted during the financial year	-
Exercised during the financial year	(2,370,000)
Cancelled or expired during the financial year	-
Balance at end of the financial year	1,860,000

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

9. Remuneration of the auditor

	Consolidated 2014 $	Consolidated 2013 $
Audit and review of financial statements:		
Auditors of BigAir Group Ltd – Grant Thornton	124,542	112,573
Other services		
Auditors of BigAir Group Ltd – Grant Thornton – Taxation compliance	46,150	38,800
Total auditor's remuneration	170,692	151,373

10. Trade and other receivables

	Consolidated 2014 $	Consolidated 2013 $
Trade receivables (i)	4,326,990	1,683,969
Allowance for doubtful debts	(381,263)	(114,556)
	3,945,727	1,569,413
Other receivables	155,360	152,318
Sundry debtors	12,963	38,102
	4,114,050	1,759,833

(i) The average credit period for corporate clients on rendering of services is 25 days (2013: 22 days). No interest is charged on outstanding amounts. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

The following customers each represent more than 5% of the total balance of trade receivables:

	Consolidated 2014 $	Consolidated 2013 $
Pilbara Manganese Pty Ltd	231,673	131,323
Optus (Toll Services)	-	131,323
Pacnet Internet Pty Ltd	-	131,277
Viocorp International Pty Ltd	-	83,959
	231,673	346,559

10. Trade and other receivables (cont)

Included in the Group's trade receivable balance are debtors with a carrying amount of $771,447 (2013: $269,406) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 110 days (2013: 134 days).

Ageing of past due but not impaired

	Consolidated	
	2014 $	2013 $
60 - 90 days	492,677	159,591
90 + days	278,770	109,815
	771,447	269,406

Movement in the allowance for doubtful debts

	Consolidated	
	2014 $	2013 $
Balance at the beginning of the year	(114,556)	(126,827)
Allowance for doubtful debts acquired	(189,326)	-
Impairment losses recognised on receivables (i)	(251,032)	(112,591)
Amounts written off as uncollectable	37,527	62,074
Amounts recovered during the year	(219)	-
Impairment losses reversed (i)	136,343	62,788
Balance at the end of the year	(381,263)	(114,556)

(i) Net amount of trade receivables impaired for 2014 is $114,689 (2013: $49,803).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of $38,726 (2013: $49,171) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

10. Trade and other receivables (cont)

Ageing of impaired trade receivables

	Consolidated	
	2014 **$**	**2013** **$**
Current	9,656	3,472
30-60 days	8,928	-
60- 90 days	1,072	3,143
Over 90 days	361,607	107,941
	381,263	114,556

11. Other assets

Prepayments	871,662	420,190
Consumables	-	150,110
	871,662	570,300

12. Other receivables

Rental deposits	438,535	153,564

These rental deposits relate to bonds on the office premises and security deposits for the lease of roof space.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

13. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Consolidated		
	Broadband infrastructure at cost	Office furniture and fittings, leasehold fittings and equipment at cost	Total
	$	$	$
Gross carrying amount			
Balance at 30 June 2012	18,998,553	2,554,468	21,553,021
Additions	4,707,419	91,947	4,799,366
Disposals	-	(242,141)	(242,141)
Balance at 30 June 2013	23,705,972	2,404,274	26,110,246
Additions	6,017,668	258,373	6,276,041
Additions - Consumables	177,829	-	177,829
Acquisitions through business combinations	7,214,539	207,750	7,422,289
Disposals	(1,486)	(39,025)	(40,511)
Cost at 30 June 2014	37,114,522	2,831,372	39,945,894
Accumulated depreciation			
Balance at 30 June 2012	(7,396,455)	(609,543)	(8,005,998)
Depreciation expense	(3,089,164)	(267,849)	(3,357,013)
Disposals	-	177,951	177,951
Balance at 30 June 2013	(10,485,619)	(699,441)	(11,185,060)
Depreciation expense	(4,200,886)	(241,307)	(4,442,193)
Disposals	-	-	-
Balance at 30 June 2014	(14,686,505)	(940,748)	(15,627,253)
Net book value			
As at 30 June 2013	13,220,353	1,704,833	14,925,186
As at 30 June 2014	22,428,017	1,890,624	24,318,641

During the period, the Group carried out a review of the recoverable amount of its plant and equipment. There was no evidence of impairment loss arising from this review. There was no depreciation during the period that was capitalised as part of the cost of other assets.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

14. Goodwill

The main changes in the carrying amounts of goodwill result from changes due to finalising acquisition accounting and preliminary accounting for 2 acquisitions. The net carrying amount of goodwill can be analysed as follows:

	Consolidated Goodwill $
Gross carrying amount	
Balance at 30 June 2012	19,368,969
Adjustment upon finalising acquisition accounting	(1,155,667)
Balance at 30 June 2013	18,213,302
Acquired through business combinations	15,910,478
Balance at 30 June 2014	34,123,780
Accumulated impairment	
Balance at 30 June 2012	(2,586,645)
Impairment loss recognised	-
Balance at 30 June 2013	(2,586,645)
Impairment loss recognised	-
Balance at 30 June 2014	(2,586,645)
Net book value	
As at 30 June 2013	15,626,657
As at 30 June 2014	31,537,135

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units (CGU), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated 2014 $	Consolidated 2013 $
Allegro Networks Pty Ltd and RadioCorp Pty Ltd	2,810,048	2,810,048
Link Innovations Pty Ltd	1,504,826	1,504,826
Clever Communications Australia Ltd	7,059,372	7,059,372
AccessPlus Pty Ltd	4,252,411	4,252,411
Intelligent IP Communications Pty Ltd	7,529,031	-
Anittel Communications Pty Ltd	7,140,756	-
Unistar Enterprises Pty Ltd	1,240,691	-
Goodwill	31,537,135	15,626,657

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

14. Goodwill (cont)

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed five-year forecast and followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates stated below. The post-tax discount rates applied to the discounted cash flows were 11.95% (2013: 13.43%), for all CGUs. Management consider that as all CGU's operate in the Telecommunications Industry in Australia and provide equivalent products and services in the same markets, that the risk specific to each unit are comparable and therefore a discount rate of 11.95% is applicable to all CGUs. The growth rates reflect the long-term average growth rates for the service lines and industries of the cash-generating units.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

Impairment testing of goodwill

The key assumptions used in the value in use calculations for the various significant cash-generating units are as follows:

	Consolidated	
	2014	**2013**
Key assumptions (i)		
Revenue growth	10% pa	9% pa
Margin improvement	3% pa	2% pa
Expense growth	5% pa	4% pa
Capital expenditure	10% pa	15% pa

(i) Assumptions have been based on historical observed trends and expected future events.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

15. Other intangible assets

Details of the Group's other intangible assets and their carrying amounts are as follows:

	Subscriber acquisition costs $	Customer bases $	Spectrum asset $	Total $
Gross carrying amount				
Balance at 30 June 2012	1,871,819	3,806,257	376,232	6,054,308
Additions	-	1,572,025	-	1,572,025
Additions from internal capitalisation	517,375	-	-	517,375
Balance at 30 June 2013	2,389,194	5,378,282	376,232	8,143,708
Additions	-	807,713	-	807,713
Additions from internal capitalisation	659,123	-	-	659,123
Balance at 30 June 2014	3,048,317	6,185,995	376,232	9,610,544
Accumulated amortisation				
Balance at 30 June 2012	(1,522,155)	(2,310,405)	(17,858)	(3,850,418)
Acquisition adjustment	-	(11,114)	(8,875)	(19,989)
Amortisation expense for the year	(480,096)	(766,068)	(107,800)	(1,353,964)
Balance at 30 June 2013	(2,002,251)	(3,087,587)	(134,533)	(5,224,371)
Acquisition adjustment	-	-	-	-
Amortisation expense for the year	(498,646)	(887,225)	(107,800)	(1,493,671)
Balance at 30 June 2014	(2,500,897)	(3,974,812)	(242,333)	(6,718,042)
Net book value				
As at 30 June 2013	386,943	2,290,695	241,699	2,919,337
As at 30 June 2014	547,420	2,211,183	133,899	2,892,502

(i) The following useful lives are used in the calculation of amortisation:

• Subscriber acquisition costs	1-3 years
• Customer bases	5 years
• Spectrum asset	9 years

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

15. Other intangible assets (cont)

Significant intangible assets

Subscriber acquisition costs
Subscriber acquisition costs in relation to customer contracts are recognised as an asset where it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Subscriber acquisition costs are amortised over the lesser of the period of the contract (1-3 years) and the period during which the future economic benefits are expected to be obtained. Customers are not expected to terminate contracts prior to the end of their contracted term.

Customer bases
There are eight distinguishable intangible assets in the form of customer bases identified and accounted for. WHome customer base was acquired by the Group from Skynet Global on 30 June 2006. The Wizz customer base was acquired from Wizz Pty Ltd on 1 April 2010. The Unistar customer base was acquired from Star-Tech Communications on 1 July 2010. The Clever customer base was acquired from Clever Communications Australia Ltd on 23 December 2010. The AccessPlus customer base was acquired from AccessPlus Pty Ltd on 6 January 2011. The Allegro Networks and RadioCorp customer base was acquired from Allegro Communications on 31 May 2012. The Link Innovations customer base was acquired from Link Innovations on 29 June 2012. The Intelligent IP Communications customer base was acquired from Intelligent IP Communications Pty Ltd on 13 September 2013. All customer bases will be fully amortised on a straight line method in a manner that allocates the cost of acquisition over the expected benefit period.

Key assumptions
The key assumptions used to assess amortisation rates are as follows:

Customer bases
- each customer base has been assessed as an individual intangible asset;
- the customers will churn over the next five years;
- each customer has been allocated a life cycle;
- the actual customer base is reviewed each reporting period against the original amortisation model and churned customers are removed from the amortisation model; and
- the expected life of a customer is reviewed annually and if required the amortisation rate is amended.

Spectrum licence asset
The spectrum licence asset consists of three licenses in the 3.4 GHz frequency range. Each of the licenses come up for renewal on 13 December 2015. These spectrum licence assets acquired as part of the Radio Corp Pty Ltd acquisition are measured at their fair value at the date of acquisition less accumulated amortisation and impairment charges. The amortisation of spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset based on the current renewal dates of each licence.

During the period, the Group carried out a review of the recoverable amount of its other intangible assets. There was no evidence of impairment loss arising from this review.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

16. Trade and other payables

	Consolidated 2014 $	Consolidated 2013 $
Trade and other payables - Current		
Trade payables (i)	2,705,038	687,481
Sundry creditors	362,849	338,144
Accruals	1,481,568	974,523
Goods and services tax (GST) payable	239,804	86,222
Amount due on business purchase (ii)	1,851,027	1,175,715
	6,640,286	3,262,085

(i) The average credit period on suppliers is 48 days (2013: 28 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable timeframe or where there are disputes within the timeframe agreed by the disputing parties.

(ii) The amount above represents an EBITDA earn out for Intelligent IP Communications Pty Ltd, of $640,587 for the period ending 31 December 2014 and $1,210,440 for the period ending 30 June 2015. The prior year amount represented a deferred cash payment of $700,000 in relation to the Link Innovations acquisition and a revenue earn out for Allegro Communications of $475,715.

17. Income received in advance

	Consolidated 2014 $	Consolidated 2013 $
Current		
Income received in advance from customers	1,209,965	44,612

Refer to Note 3(f) (ii) for details.

	Consolidated 2014 $	Consolidated 2013 $
Non-Current		
Deferred R&D grant income	956,242	-

18. Borrowings

	Consolidated 2014 $	Consolidated 2013 $
Current		
Lease liability	305,050	27,208
Bank loan	1,469,140	-
	1,774,190	27,208

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

18. Borrowings (cont)

	Consolidated 2014 $	Consolidated 2013 $
Non-Current		
Lease liability	535,015	103,242
Bank loan	11,630,357	-
	12,165,372	103,242

The Group entered into a bank bill business loan with redraw facility for $13.2m during the financial year with a term of 4 years and at a variable interest rate of 4.04% and line fee of 1%. The payments are interest only for the first 12 months and then principal repayments will commence. The purpose of this loan was to assist funding for the acquisitions of Intelligent IP Communications Pty Ltd and Anittel Communications Pty Ltd.

19. Tax

	Consolidated 2014 $	Consolidated 2013 $
Current		
Current tax liability	784,649	1,613,862
Deferred tax asset	536,424	773,491

20. Provisions

	Current Employee benefits $	Non-Current Employee benefits $
Carrying amount 1 July 2013	533,774	129,698
Additional provisions	1,047,853	265,235
Amount utilised	(608,288)	-
Carrying amount 30 June 2014	973,339	394,933

The Group expects all accrued annual leave entitlements to be taken within the next 12 months.

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of the long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criterion relating to employee benefits has been included in Note 3 of this report.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

21. Share capital

	Consolidated			
	2014		2013	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	163,971,055	27,705,562	162,357,261	26,974,670
Issue of shares for business acquisitions	7,439,003	4,836,351	352,687	155,076
Issue of shares from options exercised	1,293,333	561,271	1,076,666	468,840
Issue of shares to employees	168,949	136,860	184,441	106,976
Balance at end of financial year	172,872,340	33,240,044	163,971,055	27,705,562

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share options granted under the Director and Executives Option Scheme are contained in Note 8.

Shares were issued to employees under the Employee Share Plan. Share issue amounts were based on the duration of employment with the Group. See Note 8 for details. Shares were issued as part of the acquisition of the assets and customer base of Star-Tech Communications. None of the parent's shares are held by any company in the Group.

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

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

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

22. Share option reserve

Employee equity-settled benefits	Consolidated 2014 $	Consolidated 2013 $
Balance at the beginning of the financial year	324,997	206,073
Transfer from reserves to retained earnings	-	-
Transfer to share capital for options exercised	(196,551)	(165,220)
Options expense	124,153	284,144
Balance at the end of the financial year	252,599	324,997

Further information about share-based payments to employees is made in Note 8 to the financial statements.

Share options

During the financial year 1,293,333 share options were exercised, including the exercise of 810,000 share options from key management personnel (2013: 1,076,666 share options were exercised, including 810,000 share options from key management personnel).

23. Earnings per share and dividends

Basic and diluted profit per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted profit per share are as follows:

	Consolidated 2014 Cents per share	Consolidated 2013 Cents per share
Basic profit per share from continuing operations	3.1	2.9
Diluted profit per share from continuing operations	3.1	2.9

	Consolidated 2014 $	Consolidated 2013 $
Profit for the period attributable to ordinary equity holders of the parent entity	5,342,983	4,751,323

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

23. Earnings per share and dividends (cont)

	Consolidated	
	2014 No.	2013 No.
Weighted average number of ordinary shares for the purposes of basic profit per share	169,716,884	163,276,669
Weighted average number of ordinary shares for the purposes of diluted profit per share	171,325,733	164,970,591

The incremental shares from the assumed exercise of share options are included in calculating diluted earnings per share as their conversion is dilutive.

Dividends

	Consolidated	
	2014 $	2013 $
Dividends declared post year end		
Fully franked interim dividend ($0.011 per share)	1,901,596	1,639,711

The tax rates applicable to the franking credits attached to the interim dividend and to be attached to the final dividend is 30%. The dividend declared for the year ending 30 June 2014 is $1,901,596 (2013: $1,639,711). The franking credits balance is $3,077,091 as of 30 June 2014. (2013: $1,678,080).

Franking Credits

	Parent	
The amount of the franking credits available for subsequent reporting periods are:	2014 $	2013 $
Balance at the beginning of the reporting period	1,678,080	118,337
Franking credits that will arise from the payment of the amount of provision for income tax	3,082,924	1,691,948
Franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	(702,733)	(132,205)
Balance at the end of the reporting period	4,058,271	1,678,080

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

24. Leases

Leasing arrangements

Operating leases are entered into as a means of acquiring access to space on building rooftops and office premises. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities. A renewal option in connection with the rooftop leases exist.

Operating lease commitments

	Consolidated	
	2014 **$**	**2013** **$**
No longer than 1 year	1,434,553	1,431,017
Longer than 1 year and not longer than 5 years	3,030,279	2,686,915
Over 5 years	831,845	778,045
Total minimum lease payments	5,296,677	4,895,977

No liabilities have been recognised in relation to these operating leases. The minimum lease payments made in relation to office premises for the year ending 30 June 2014 were $513,029 (2013: $402,157).

The finance leases relate to the leasing of motor vehicles and the leasing of IP Telephony, hosting servers and infrastructure. Finance lease liabilities (See Note 18) are secured by the related assets held under finance leases.

Finance lease commitments	Consolidated	
	2014 **$**	**2013** **$**
No longer than 1 year	361,509	35,652
Longer than 1 year and not longer than 5 years	578,750	113,420
Total minimum lease payments	940,259	149,072
Less amounts representing finance charges		
No longer than 1 year	(56,459)	(8,444)
Longer than 1 year and not longer than 5 years	(43,735)	(10,178)
Present value of minimum lease payments	840,065	130,450

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

25. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	Consolidated	
	2014 $	2013 $
Interest expenses for borrowings at amortised cost		
- Related party loan	-	13,644
- Other borrowings at amortised cost	504,486	19,986
Interest expenses for finance lease arrangements	36,381	8,986
Total interest expenses for financial liabilities not at FVTPL	540,867	42,616

Finance income for the reporting periods consist of the following:

	Consolidated	
	2014 $	2013 $
Interest income from cash and cash equivalents	8,872	5,655
Interest income from related party receivable	-	2,915
Total interest income for financial assets not at FVTPL	8,872	8,570

26. Subsidiaries

	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Parent entity			
BigAir Group Limited	Australia	n/a	n/a
Subsidiary			
Veritel Australia Pty Limited	Australia	100	100
AccessPlus Pty Limited	Australia	100	100
Clever Communications Australia Limited	Australia	100	100
Clever Communication Operations Pty Limited	Australia	100	100
Saise Pty Limited	Australia	100	100
Activ Australia Pty Limited	Australia	100	100
Access Providers Group Pty Limited	Australia	100	100
Allegro Networks Pty Limited	Australia	100	100
RadioCorp Pty Limited	Australia	100	100
Link Innovations Pty Limited	Australia	100	100
Intelligent IP Communications Pty Limited	Australia	100	-
Anittel Communications Pty Limited	Australia	100	-
Unistar Enterprises Pty Limited	Australia	100	-

(i) The Company and its wholly-owned Australian entity are members of a tax consolidated group.

(ii) The subsidiaries all have a financial year end date of 30 June.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

27. Segment reporting

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. 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 product or service;
- the distribution method; and
- any external regulatory requirements.

Types of products and services by segment

(i) Fixed Wireless for Business

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 network consists of high speed wireless infrastructure located at points of presence (POPs) which are typically premium rooftop locations in CBD areas and also on communication towers in outer metropolitan and 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. The fixed wireless network is also available in combination with traditional fixed line infrastructure such as fibre to provide critical network and application infrastructure with complete technology and carrier diversity.

(ii) BigAir Community Broadband

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within 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 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.

The Community Broadband division makes use of high speed backhaul infrastructure delivered using the Fixed Wireless division.

(iii) Cloud Managed Services

The BigAir Cloud and Managed Services 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

27. Segment reporting (cont)

Basis of accounting for purposes of reporting by operating segments

(a) 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.

(b) 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 year ended 30 June 2014, BigAir acquired Intelligent IP Communications Pty Ltd and Anittel Communications Pty Ltd which provides Cloud Managed Services and is a new operating segment for the Group. The Group did not discontinue any of its existing operations during the year.

(c) 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.

(d) 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

27. Segment reporting (cont)

(e) Unallocated items

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 Consolidated Financial Statements for the year ended 30 June 2014

27. Segment reporting (cont)

(i) Segment performance

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
Revenue	**30 June 2014 $**	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**
External sales	22,238,611	21,875,221	9,036,793	8,043,202	10,465,666	-	41,741,070	29,918,423
Intersegment sales	(25,715)	(6,514)	-	-	25,715	-	-	(6,514)
Interest revenue	6,215	8,476	328	94	2,329		8,872	8,570
Segment revenue	22,219,111	21,877,183	9,037,121	8,043,296	10,493,710	-	41,749,942	29,920,479
Other income	19,087	265,443	-	-	403,168	-	422,255	265,443
Total group revenue and other income	22,238,198	22,142,626	9,037,121	8,043,296	10,896,878	-	42,172,197	30,185,922

Segment net profit from continuing operations before tax

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2014 $	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**
	3,472,209	3,765,293	4,811,187	3,907,855	1,259,863	-	9,543,259	7,673,148
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	3,510,294	2,591,591	(3,449,951)	(2,598,105)	(60,343)	-	-	(6,514)
Depreciation and amortisation	(534,145)	(466,850)	(244,351)	(207,769)	(127,370)	-	(905,866)	(674,619)
Impairment expense	-	-	-	-	-	-	-	-
Finance costs	(448,823)	-	(38)	-	(4)	-	(448,865)	-
Net profit before tax from continuing operations	5,999,535	5,890,034	1,116,847	1,101,981	1,072,146	-	8,188,528	6,992,015

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

27. Segment reporting (cont)

(ii) Segment assets

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $
Segment assets	129,852,053	73,766,449	21,465,486	17,038,313	(15,328,497)	-	135,989,042	90,804,762
Segment asset additions for the period:								
Capital expenditure	4,398,509	4,081,142	1,163,362	718,224	891,999	-	6,453,870	4,799,366
Acquisitions	311,571	-	-	-	4,178,557	-	4,490,128	-
Reconciliation of segment assets to group assets:								
Intersegment eliminations	(87,341,388)	(60,409,939)	(24,045,110)	(15,684,232)	(3,360,310)	-	(114,746,808)	(76,094,171)
Deferred tax assets	558,109	768,176	5,315	5,315	-	-	563,424	773,491
Intangible assets	14,455,324	18,367,899	4,473,977	178,095	15,500,336	-	34,429,637	18,545,994
Total group assets	62,234,178	36,573,727	3,063,030	2,255,715	1,882,085	-	67,179,293	38,829,442

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

27. Segment reporting (cont)

(iii) Segment liabilities

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $
Segment liabilities	79,519,691	50,301,392	25,432,313	17,395,355	6,470,360	-	111,422,364	67,696,747
Reconciliation of segment liabilities to group liabilities:								
Intersegment eliminations	(73,141,773)	(46,902,924)	(24,458,410)	(16,823,654)	(3,647,426)	-	(101,247,609)	(63,726,578)
Other financial liabilities	13,176,026	130,450	-	-	763,536	-	13,939,562	130,450
Current tax liabilities	933,664	1,607,728	6,134	6,134	(155,149)	-	784,649	1,613,862
Total group liabilities	20,487,608	5,136,646	980,037	577,835	3,431,321	-	24,898,976	5,714,481

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

28. Related party transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 26 to the financial statements.

(b) Key management personnel equity holdings

Fully paid ordinary shares of BigAir Group Limited

	Balance at 1 July No.	Granted as remuneration No.	Received on exercise of options No.	Ordinary shares acquired No.	Net other change No.	Balance at 30 June No.
2014						
Paul Tyler	1,376,735	-	150,000	-	-	1,526,735
Nigel Jeffries	200,000	-	150,000	-	-	350,000
Vivian Stewart	4,848,174	-	150,000	-	(2,400,000)	2,598,174
Jason Ashton	10,083,685	2,469	200,000	-	-	10,286,154
Charles Chapman	1,170,540	2,469	160,000	-	(500,000)	833,009
	17,679,134	4,938	810,000	-	(2,900,000)	15,594,072
2013						
Paul Tyler	1,226,735	-	150,000	-	-	1,376,735
Nigel Jeffries	50,000	-	150,000	-	-	200,000
Vivian Stewart	7,698,174	-	150,000	-	(3,000,000)	4,848,174
Jason Ashton	9,880,237	3,448	200,000	-	-	10,083,685
Charles Chapman	1,007,092	3,448	160,000	-	-	1,170,540
	19,862,238	6,896	810,000	-	(3,000,000)	17,679,134

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

28. Related party transactions (cont)

(c) Executive share options of BigAir Group Limited

	Balance at 1 July No.	Received as remun-eration No.	Exercise of options No.	Net other change No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercis-able No.	Vested and exercise -able No.	Options vested during year No.
2014									
Jason Ashton	400,000	-	(200,000)	-	200,000	-	-	-	-
Charles Chapman	320,000	-	(160,000)	-	160,000	-	-	-	-
Paul Tyler	300,000	-	(150,000)	-	150,000	-	-	-	-
Nigel Jeffries	300,000	-	(150,000)	-	150,000	-	-	-	-
Vivian Stewart	300,000	-	(150,000)	-	150,000	-	-	-	-
	1,620,000	-	(810,000)	-	810,000	-	-	-	-
2013									
Jason Ashton	600,000	-	(200,000)	-	400,000	-	-	-	-
Charles Chapman	480,000	-	(160,000)	-	320,000	-	-	-	-
Paul Tyler	450,000	-	(150,000)	-	300,000	-	-	-	-
Nigel Jeffries	450,000	-	(150,000)	-	300,000	-	-	-	-
Vivian Stewart	450,000	-	(150,000)	-	300,000	-	-	-	-
	2,430,000	-	(810,000)	-	1,620,000	-	-	-	-

During the financial year, 810,000 options were exercised by key management personnel on 23 December 2013. Further details of the executive share option plan and of share options in operation during the financial year are contained in Note 8 to the financial statements.

(d) Transactions with other related parties

Transactions between BigAir Group Limited and its related parties

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

29. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2014 $	2013 $
Cash and cash equivalents	2,443,344	2,101,074

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

29. Notes to the cash flow statement (cont)

(b) Non-cash financing and investing activities

The Group issued $3,713,449 in shares as part of the Intelligent IP Communications Pty Ltd acquisition on 13 September 2013 and on 26 February 2014. The Group also issued $1,200,000 in shares for the Unistar Enterprises Pty Ltd acquisition on 30 April 2014 and issued 168,949 shares on 23 December 2013 as part of the Employee Share Scheme. Apart from this transaction, the Group did not have any non-cash financing and investing activities during the year.

(c) Financing Facilities

During the current financial year, the Group entered into a bank loan facility.

(d) Cash balances not available for use

During the current financial year, there were no significant cash and cash equivalent balances that were not available for use.

(e) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated	
	2014 $	2013 $
Profit for the year	5,342,983	4,751,323
Depreciation of non-current assets	4,442,193	3,357,013
Amortisation of non-current assets	1,493,671	1,353,964
Equity settled share-based payment	625,733	546,196
Net gain on disposal of investment	-	-
Net loss on disposal of plant and equipment	(21,892)	5,747
(Increase)/decrease in deferred tax balances	(275,531)	27,014
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
Decrease/(increase) in assets:		
Trade and other receivables	(471,296)	26,666
Inventories	-	141,814
Other current assets	489,771	50,878
(Decrease)/increase in liabilities:		
Trade and other payables	(247,303)	(1,403,015)
Other current liabilities	(635,724)	(514,510)
Current tax liabilities	(829,213)	616,050
Current provisions	269,981	(137,788)
Deferred tax liabilities	324,945	(94,322)
Cash flows provided by operations	10,508,318	8,727,030

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

30. Financial instruments

(a) Capital risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and a bank loan facility.

(b) Categories of financial instruments

The total for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2014 $	2013 $
Financial assets		
Loans and receivables:		
Trade and other receivables	4,114,050	1,759,833
Cash and cash equivalents	2,443,344	2,101,074
	6,557,394	3,860,907
Financial liabilities		
Financial liabilities measured at amortised cost:		
Non-current:		
Borrowings	12,165,372	103,242
Current:		
Trade and other payables	6,640,286	3,262,085
Borrowings	1,774,190	27,208
	20,579,848	3,392,535

As at the end of the financial year, the Group also has bank guarantees with Westpac of $85,096, which is included in the cash and cash equivalents balance. Trade receivables and payables are not interest bearing.

(c) Financial risk management objectives

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 30(b). The main types of risks market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below. The Group is exposed to market risk specifically to interest rate risk which result from both its operating and investing activities.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

30. Financial instruments (cont)

(d) Market risk

The Group's activities do not expose it to market financial risks. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Foreign currency risk management

The Group is not exposed to foreign currency risk.

(f) Interest rate risk management

The Group is exposed to interest rate risk on cash holdings. The risk is managed by the Group by ensuring that cash holdings must be invested in one of Australia's large 4 banks.

The following tables detail the Group's exposure to interest rate risk:

	Weighted average effective interest rate	Maturity dates			Non-interest bearing	Total
		Less than 1 year	1-5 years	More than 5 years		
2014	%	$	$	$	$	$
Financial assets:						
Cash and cash equivalents	0.29%	2,443,344	-	-	-	2,443,344
Trade and other receivables	-	-	-	-	4,114,050	4,114,050
		2,443,344	-	-	4,114,050	6,557,394
Financial liabilities:						
Trade and other payables	-	-	-	-	6,640,286	6,640,286
Borrowings	5.27%	1,774,190	12,165,372	-	-	13,939,562
		1,774,190	12,165,372	-	6,640,286	20,579,848

	Weighted average effective interest rate	Maturity dates			Non-interest bearing	Total
		Less than 1 year	1-5 years	More than 5 years		
2013	%	$	$	$	$	$
Financial assets:						
Cash and cash equivalents	2.74%	2,101,074	-	-	-	2,101,074
Trade and other receivables	-	-	-	-	1,759,833	1,759,833
		2,101,074	-	-	1,759,833	3,860,907

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

30. Financial instruments (cont)

2013	Weighted average effective interest rate %	Maturity dates Less than 1 year $	1-5 years $	More than 5 years $	Non-interest bearing $	Total $
Financial liabilities:						
Trade and other payables	-	-	-	-	3,262,085	3,262,085
Borrowings	16.13%	27,208	103,242	-	-	130,450
		27,208	103,242	-	3,262,085	3,392,535

Sensitivity Analysis

	Consolidated Profit $	Consolidated Equity $
+/- 2% in interest rates	229,924	229,924

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Weekly debtors meetings are held where the ageing of material debtors is reviewed and action agreed and taken if required.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(h) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair values and net fair values of financial assets and financial liabilities are determined with reference to the standard terms and conditions.

(j) Other price risk sensitivity

The Group is not exposed to any other price risk.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

31. Acquisition of a business

(a) Intelligent IP Communications Pty Ltd

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 Cloud Managed Services. Cloud Managed Services 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 Cloud Managed Services. 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.

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		7,353,793
Equity issued		3,713,449
EBITDA earn-out		1,851,027
		12,918,269
Less:		
Cash and cash equivalents	104,320	104,320
Receivables	807,286	1,676,394
Inventories	275,184	275,184
Other assets	209,660	209,660
Property, plant and equipment	1,443,697	5,701,704
Customer base	-	807,713
Deferred tax asset	81,662	81,662
Deferred tax liability	-	(242,314)
Income received in advance	-	(533,146)
Payables	(1,710,239)	(2,691,939)
	1,211,569	5,389,238
Identifiable assets and liabilities assumed		5,389,238
Goodwill on acquisition		7,529,031

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

31. Acquisition of a business (cont)

(a) Intelligent IP Communications Pty Ltd (cont)

Consideration transferred settled in cash	7,353,793
Cash and cash equivalents acquired	(104,320)
Net cash outflow on acquisition	7,249,473
Acquisition costs charged to expenses	84,998
Net cash paid relating to the acquisition	7,334,471

Consideration transferred

The acquisition of IIPC was settled in cash of $6,500,000. Acquisition-related costs amounting to $84,998 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.

An earn out payment of $1,067,242 ($853,793 in cash and $213,449 in shares) was paid for the earn out period ended 31 December 2013. There has been no earn out provision for the earn out period ended 30 June 2014. The current revenue earn out provision of $640,587 is for the earn out period ending 31 December 2014 and $1,210,440 is for the earn out period ending 30 June 2015.

Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to $1,676,394 with a gross contractual amount of $807,286.

Goodwill

Goodwill of $7,529,031 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of IIPC's workforce and expected cost synergies. Goodwill has been allocated to cash-generating units at 30 June 2014. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

IIPC's contribution to the Group results

Revenue generated from the acquisition of IIPC included in the consolidated revenue of the Group since acquisition date on 13 September 2013 for the financial reporting year of 30 June 2014 amounted to $5,210,931. Net profit before taxation generated from the acquisition of IIPC included in the consolidated profit of the Group for the financial reporting year of 30 June 2014 amounted to $331,821.

The values identified in relation to the acquisition of IIPC are final as at 30 June 2014.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

31. Acquisition of a business (cont)

(b) Anittel Communications Pty Ltd

On 20 December 2013, the Group agreed to acquire Anittel Communications Pty Ltd ("ACPL") from Anittel Group Limited ("Anittel") for a cash consideration of $6.5 million. 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 and Cloud Services. ACPL operates a national IP backbone with POPs in Sydney, Melbourne, Brisbane, Perth, Canberra and Hobart. ACPL provides network connectivity using a range of wholesale carrier relationships and various different 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 Cloud Managed Services offerings of ACPL and IIPC which was acquired by the Group on 13 September 2013.

ACPL has been consolidated into the Group from the date of control which was 31 January 2014.

	Consolidated	
	Acquiree's carrying amount	**Fair Value***
	$	**$**
Fair value of consideration transferred		
Cash		6,500,000
		6,500,000
Less:		
Cash and cash equivalents	-	-
Receivables	1,093,608	1,093,608
Other assets	383,704	383,704
Property, plant and equipment	1,161,712	1,161,712
Deferred tax asset	-	-
Customer base	-	-
Deferred tax liability	-	-
Borrowings	(868,401)	(868,401)
Payables	(2,411,379)	(2,411,379)
	(640,756)	(640,756)
Identifiable assets and liabilities assumed		(640,756)
Goodwill on acquisition		7,140,756
Consideration transferred settled in cash		6,500,000
Cash and cash equivalents acquired		-
Net cash outflow on acquisition		6,500,000
Acquisition costs charged to expenses		119,076
Net cash paid relating to the acquisition		6,619,076

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

31. Acquisition of a business (cont)

(b) Anittel Communications Pty Ltd (cont)

The initial accounting for this business combination is only provisionally complete as the acquisition occurred on 31 January 2014. The accounting will be finalised within 12 months of the acquisition. The assessment of the fair values of the identifiable net assets acquired of ACPL is preliminary.

Consideration transferred
The acquisition of ACPL was settled in cash of $6,500,000. Acquisition-related costs amounting to $119,076 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'.

Identifiable net assets
The fair value of the trade and other receivables acquired as part of the business combination amounted to $1,093,608, with a gross contractual amount of $1,093,608.

Goodwill
Goodwill of $7,140,756 includes intangibles of which are yet to be identified and will be separately recognised on completion of acquisition accounting.

ACPL's contribution to the Group results
Revenue generated from the acquisition of ACPL included in the consolidated revenue of the Group since acquisition date on 31 January 2014 for the financial reporting year of 30 June 2014 amounted to $5,254,735. Net profit before taxation generated from the acquisition of ACPL included in the consolidated profit of the Group for the financial reporting year of 30 June 2014 amounted to $867,443.

(c) Unistar Enterprises Pty Ltd

On 22 April 2014, the Group entered into a share sale agreement to acquire all of the shares in Unistar Enterprises Pty Ltd trading as Star-Tech Communications ("Star-Tech"), a telecommunications and wireless engineering services company. The Group had previously acquired the managed ISP division of Star-Tech in 2010 which marked its successful entrance into the tertiary student accommodation market.

Star-Tech is a private Australian telecommunications engineering firm established in 1990. Always evolving with the latest technology, Star-Tech's core competencies include wireless links, WWAN, WLAN, broadband distribution in multi-dwelling units (MDU), and networked wireless surveillance cameras. Star-Tech engages with Councils, Shopping Centres and Caravan Parks to implement a local free WiFi service to specifically assist local businesses through advertising in order to provide a fast, reliable and secure free WiFi experience for the local community. Star-Tech supplies solutions directly to clients large and small and also provides services for many larger well known telecommuncations companies, contractors and consultants.

Star-Tech has been consolidated into the Group from the date of control which was 30 April 2014.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

31. Acquisition of a business (cont)

(c) Unistar Enterprises Pty Ltd (cont)

	Consolidated	
	Acquiree's carrying amount	**Fair Value***
	$	**$**
Fair value of consideration transferred		
Equity issued		1,200,000
		1,200,000
Less:		
Cash and cash equivalents	14,478	14,478
Receivables	77,990	77,990
Inventories	194,900	194,900
Other assets	-	-
Property, plant and equipment	84,839	84,839
Deferred tax asset	-	-
Customer base	-	-
Deferred tax liability	-	-
Payables	(492,985)	(412,898)
	(120,778)	(40,691)
Identifiable assets and liabilities assumed		(40,691)
Goodwill on acquisition		1,240,691
Consideration transferred settled in cash		-
Cash and cash equivalents acquired		14,478
Net cash outflow on acquisition		14,478
Acquisition costs charged to expenses		7,917
Net cash paid relating to the acquisition		22,395

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

The initial accounting for this business combination is only provisionally complete as the acquisition occurred on 30 April 2014. The accounting will be finalised within 12 months of the acquisition. The assessment of the fair values of the identifiable net assets acquired of Star-Tech is preliminary.

Consideration transferred
The acquisition of Star-Tech was settled in issued share capital of $1,200,000. Acquisition-related costs amounting to $7,917 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'.

Identifiable net assets
The fair value of the trade and other receivables acquired as part of the business combination amounted to $77,990, with a gross contractual amount of $77,990.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2014

31. Acquisition of a business (cont)

(c) Unistar Enterprises Pty Ltd (cont)

Goodwill
Goodwill of $1,240,691 includes intangibles of which are yet to be identified and will be separately recognised on completion of acquisition accounting.

Star-Tech's contribution to the Group results
Revenue generated from the acquisition of Star-Tech included in the consolidated revenue of the Group since acquisition date on 30 April 2014 for the financial reporting year of 30 June 2014 amounted to $391,269. Net profit before taxation generated from the acquisition of Star-Tech included in the consolidated profit of the Group for the financial reporting year of 30 June 2014 amounted to $169,944.

32. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, to the date of authorisation.

33. Commitments for expenditure

(a) Capital expenditure commitments

	Consolidated	
	2014 $	2013 $
Broadband infrastructure	728,626	419,212

(b) Lease commitments

Non-cancellable operating lease commitments are disclosed in Note 24 to the financial statements.

34. Contingent liabilities and contingent assets

The Group has bank guarantees of $85,096 (See Note 30(b)).

The Group has no other contingent liabilities or assets as at the end of the financial year.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

35. BigAir Group Ltd parent company information

	Parent Entity 2014 $	Parent Entity 2013 $
Financial Performance		
Profit for the year	4,186,356	4,140,921
Other comprehensive income	-	-
Total comprehensive income	4,186,356	4,140,921

	Parent Entity 2014 $	Parent Entity 2013 $
Assets		
Current assets	3,848,378	2,580,856
Non-current assets	96,557,904	59,874,528
Total assets	100,406,282	62,455,384
Liabilities		
Current liabilities	(2,160,302)	1,406,148
Non-current liabilities	63,966,384	30,695,682
Total liabilities	61,806,082	32,101,830
Equity		
Share capital	33,247,961	27,540,342
Share option reserve	252,599	490,217
Retained earnings	5,099,641	2,322,995
Total equity	38,600,200	30,353,554

BigAir Group Ltd also has capital expenditure commitments, details of which are disclosed in Note 33(a), above.

36. Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2014 (including comparatives) were approved by the board of directors on 22 August 2014.

ASX additional information as at 30 June 2014

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 15 August 2014.

Number of holders of equity securities

Ordinary share capital

- 172,872,340 fully paid ordinary shares are held by 3,414 individual shareholders.

On-market buy-back

The Company has no on-market buy-back.

Substantial shareholders

Ordinary shareholders	Fully Paid Number	Fully Paid Percentage
NATIONAL NOMINEES LIMITED	20,221,276	11.787
CITICORP NOMINEES PTY LIMITED	11,658,697	6.796
BNP PARIBAS NOMS PTY LTD	11,057,866	6.445
MICROEQUITIES ASSET MANAGEMENT PTY LIMITED	10,679,200	6.225
JMAS PTY LTD	9,724,718	5.668

Voting rights

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.

Options
No voting rights.

Distribution of holders of equity securities

Security Classes

Holdings Ranges	Holders	Total Units	%
1-1,000	361	240,041	0.140
1,001-5,000	1,045	3,139,206	1.830
5,001-10,000	796	6,286,543	3.664
10,001-100,000	1,095	31,729,641	18.495
100,001-99,999,999	117	131,476,909	75.870
Totals	**3,414**	**172,872,340**	**100.000**

Marketable parcels

The number of holders holding less than a marketable parcel of the company's main class of securities, based on the market price at 11 August 2014 is 73.

ASX additional information as at 30 June 2014 (cont)

Securities exchange

The Company is listed on the Australian Securities Exchange.

Twenty largest holders of quoted equity securities

	Fully Paid	
Ordinary shareholders	**Number**	**Percentage**
NATIONAL NOMINEES LIMITED	20,221,276	11.787
CITICORP NOMINEES PTY LIMITED	11,658,697	6.796
BNP PARIBAS NOMS PTY LTD	11,057,866	6.445
MICROEQUITIES ASSET MANAGEMENT PTY LIMITED	10,679,200	6.225
JMAS PTY LTD	9,724,718	5.668
MIRRABOOKA INVESTMENTS LIMITED	7,152,446	4.169
CULLINGRAL PTY LIMITED	3,733,982	2.176
AMCIL LIMITED	3,101,413	1.808
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,798,140	1.631
EQUITAS NOMINEES PTY LIMITED	2,596,154	1.513
BENCHMARK TRADING PTY LTD	2,489,907	1.451
SYMMALL PTY LTD	2,075,000	1.209
DITCHLEY PTY LTD	2,001,933	1.167
VORPAL PTY LIMITED	1,961,704	1.143
L J CATELAN SUPERANNUATION FUND PTY LTD	1,949,037	1.136
OLD FLETCHER & PARTNERS PTY LTD	1,671,523	0.974
MR PAUL DAVID TYLER	1,526,735	0.890
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,508,694	0.879
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,416,746	0.826
FRETENSIS PTY LTD	1,400,000	0.816
	100,725,171	58.711

Number of holders of unquoted equity securities

The number of option holders is 14.

Company Secretary

Charles Chapman

Registered office and principle administration office

Level 1
59 Buckingham Street
Surry Hills NSW 2010
Tel: (02) 9993 1300

Share registry

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
Tel: (02) 9290 9600