Preliminary Final Report of BigAir Group Limited for the Financial Year Ended 30 June 2015

(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 2015
Previous Corresponding Period:	Financial Year ending 30 June 2014

BigAir Group Limited
APPENDIX 4E – Preliminary final report
Full year ended 30 June 2015
(ABN 57 098 572 626)

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1. Details of the reporting period

Current Period: 1 July 2014 – 30 June 2015

Previous Corresponding Period: 1 July 2013 – 30 June 2014

2. Results for announcement to the market

			Change %	**Amount $**
2.1	Revenue from ordinary activities	Up	50	to 62,650,228
	EBITDA	Up	5	to 15,398,232
	Underlying EBITDA*	Up	25	to 18,863,541
	Profit before adjustment to contingent consideration and tax	Up	20	to 9,791,240
2.2	Profit from ordinary activities after tax attributable to members	Down	9	to 4,845,605
2.3	Net profit for the period attributable to members	Down	9	to 4,845,605
	Underlying NPAT	Up	34	to 8,455,815

2.4	Dividends (Distributions)	Amount per share (cents)	Franked amount per share (cents)
	Final dividend per share	1.2	1.2
	Final dividend dates		
	Record date	28 August 2015	
	Payment date	30 September 2015	

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

*Once off acquisition and restructuring costs associated with business combinations amounting to $3,465,307 ($1,566,461 and $1,898,846) have not been included in underlying EBITDA for the current reporting period.

In the current period, a once off contingent consideration associated with a business combination amounting to $1,898,846 has been included in Profit from ordinary activities.

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	26.3 cents	24.5 cents
	Net tangible asset backing per share	-1.5 cents	4.2 cents
	Net tangible asset backing excluding future earnout provisions per share	4.8 cents	5.3 cents

10. Control gained or lost over entities during the period

Name of entity	**Oriel Technologies Pty Ltd**	
Date of control	19 December 2014	
	Current period **A$**	**Previous corresponding Period** **A$**
Contribution to profit from ordinary activities before taxation	141,901	Nil

Name of entity	**Integrated Data Labs Pty Ltd**	
Date of control	12 February 2015	
	Current period **A$**	**Previous corresponding Period** **A$**
Contribution to profit from ordinary activities before taxation	321,429	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	2.79 cents	3.15 cents
	Underlying Earnings per share*	4.86 cents	3.71 cents
14.2	Return to shareholders - final dividend	1.2 cent	1.1 cent

*Underlying Earnings per share is calculated by excluding the after tax acquisition, amortisation of acquired customer bases , restructuring costs and contingent considerations 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	15,398,234	14,656,387
Acquisition purchase price adjustment	1,898,846	-
Deal and restructure costs	1,566,461	447,377
Underlying EBITDA	**18,863,541**	**15,103,764**
NPAT	4,845,605	5,342,983
After tax effect of:		

Amortisation of acquired customer bases	614,841	634,106
Acquisition purchase price adjustment	1,898,846	-
Deal and restructure costs	1,096,523	313,164
Underlying NPAT	**8,455,815**	**6,290,253**

BigAir Group Limited

Consolidated Entity

ABN 57 098 572 626

Annual report
for the financial year ended 30 June 2015

Contents

Corporate Governance Statement is available on the company website and is lodged with ASX.

Directors' Report
for the financial year ended 30 June 2015

The directors of BigAir Group Limited ("BigAir") present their Report together with the financial statements of the consolidated entity, being BigAir Group Limited ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2015.

Directors

The following persons were directors of BigAir Group Limited 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, Nokia Siemens Networks and Alcatel. Currently President of the Asia Pacific Region at Nokia and previously Managing Director of Nokia Siemens Networks for Australia, New Zealand and the Pacific Islands. Chairman of the BigAir Board of Directors and member of Audit and Risk Committee and Nomination and Remuneration 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 Senior Executive of ASX and NZX listed technology company Trade Me Group Ltd (TME) leading Trade Me Property. 25 years' experience in senior executive and CEO positions in Information and Technology sector. A successful track record in leading high growth businesses through organic and acquisitive strategies. Educated at Massey University NZ and Stanford university US. Chairman of Audit and Risk Committee and member of Nomination and Remuneration 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. Chairman of Nomination and Remuneration Committee and member of the Audit and Risk 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.

Directors' Report (cont)

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 10 to 16.

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

BigAir announced another record financial performance for the full year ended 30 June 2015 (FY15), achieving continued growth across all key financial metrics.

During FY15 the company recorded a 50% increase in revenue to $62.7 million, with full year underlying[1] EBITDA up 25% to $18.9 million. The second half result was particularly strong with underlying EBITDA reaching $10.4 million (1H: $8.5 million) which provides strong momentum in underlying EBITDA run rate for FY16. Underlying NPAT was also up strongly by 34% to $8.5 million.

Reported EBITDA and NPAT were impacted by a one-time acquisition purchase price adjustment of $1.9 million due to Intelligent IP (IIPC) performing better than expected in FY15[2] and this has therefore been excluded from underlying EBITDA and underlying NPAT.

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 in 2013 and Anittel Communications (ACPL) and Oriel Technologies (Oriel) in 2014, along with continued strong performances in Community Broadband and Fixed Wireless.

The financial year just ended marked the end of a two year period of significant transformation for BigAir Group. Through the acquisition of Oriel the Company has successfully transitioned BigAir into an integrated telecommunications and trusted managed services provider. In addition BigAir has made significant organic investments in its Cloud and managed services capabilities.

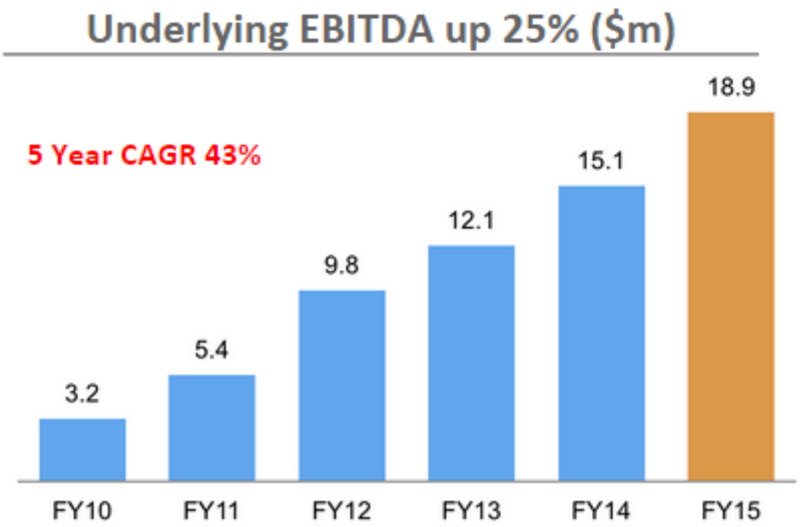
These new capabilities are already starting to drive organic growth from cross-selling managed services into its existing customer base, offering clients a new range of business Information Technology solutions. BigAir remains focused on leveraging its core network capability and the unique advantages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

[1]BigAir considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs associated with business combinations. Once-off deal and restructure costs associated with business combinations amounted to $1.6 million for the year, and once-off acquisition purchase price adjustments amounted to $1.9 million for the year.

[2]The IIPC division acquired in 2013 delivered underlying EBITDA $632,949 higher than expected in FY15 which resulted in a one-time $1.9 million acquisition purchase price adjustment. The earn out payment is calculated at a multiple of 3 times incremental EBITDA.

Directors' Report (cont)

Our vision is "to be the #1 managed technology provider for the mid-market and a great place to work."



Key Financial Highlights

FY15 another record year

- Strong second half performance: underlying EBITDA $10.4 million [1H: $8.5 million]
- Full year revenue up 50% to $62.7 million
- Full year gross profit up 34% to $35.5 million
- Full year underlying EBITDA up 25% to $18.9 million
- Underlying Net Profit after Tax up 34% to $8.5 million
- Strong balance sheet with gearing (net debt to equity) of 42%
- Dividend increased 9% to 1.2cps fully franked

The substantial increase in revenues in FY15 was partly driven by the second half consolidation of Oriel made during the year, as well as organic growth in BigAir's existing businesses. The Community Broadband division which delivers centrally managed Internet, WiFi and Campus network solutions performed particularly strongly reporting 19% growth versus FY14 with Revenues reaching $10.7 million. It also has a record pipeline of new business opportunities in FY16 across a number of markets including Accommodation Providers, Retirement Living, Retail, Hospitality and Government.

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

Directors' Report (cont)

Significant changes in the state of affairs

Strategic acquisitions

During FY15 BigAir expanded its capabilities by making a further strategic investment in the Cloud and Managed Services space with the acquisition of Oriel, broadening the range of Cloud and managed services available to clients. The Oriel acquisition contributed $9.0 million of Revenue during 2H FY15 and was consolidated on 19 December 2014.

During FY15 BigAir acquired Integrated Data Labs Pty Ltd a Newcastle based telecommunications carrier. The acquisition, for a total consideration of $1,104,000 which is structured in equal payments of $92,000 per month over 12 months, commencing from 13 February 2015.

Dividends

In respect of the financial year ended 30 June 2015, a fully franked dividend of $2,097,917 was declared on 21 August 2015 with a payment date of 30 September 2015. The Company paid a fully franked dividend of $1,901,596 in relation to the previous financial year.

Events arising since the end of the reporting period

In July 2015 BigAir acquired Managed Services solutions provider Applaud IT Pty Ltd (Applaud). Consolidated from 1 July 2015 Applaud is expected to generate revenues of between $6 million and $7 million and EBITDA of at least $700,000 in FY16. Revenue and earnings generated from the Applaud customer base are expected to improve further in subsequent years through cross-selling the wider BigAir service offerings into the Applaud customer base including its market leading communications offerings. Applaud has significant managed services and cloud services capability bolstered by its 10.5 years service desk experience which will further enhance BigAir's existing capabilities in these areas.

Apart from the final dividend declared and the acquisition of Applaud, 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.

Business Outlook and Likely Developments

BigAir is well placed to continue its recent growth trajectory during FY16.

During the second half of FY15, underlying EBITDA expanded strongly to $10.4 million as a result of organic growth and the consolidation of the strategic acquisitions made during 1H FY15. BigAir has now successfully completed its transformation into an integrated

Directors' Report (cont)

telecommunications and trusted managed services provider. In addition it has made significant organic investments in its Cloud and managed services capabilities to support customer growth.

Consistent with the recent acquisitions BigAir will continue to pursue accretive acquisitions that deliver services consistent with the company strategy. Once acquired management focus is on driving efficiencies and cross-sell opportunities. This represents a significant opportunity for continued growth.

BigAir has achieved compound aggregate Revenue growth rate of 53% over the last 5 years and in that time it has also grown underlying EBITDA at a compound aggregate growth rate of 43%. 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.

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	133,333

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 Share Based Payment Scheme or Employees' 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 133,333 are held by 2 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	910,000

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.

Directors' Report (cont)

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 2014 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' 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' Report (cont)

Directors' shareholdings

The following table sets out each director's relevant interest in shares and performance and service rights of the Company as at the date of this report:

Director	Fully paid ordinary shares Number	Performance rights	Service rights
Jason Ashton	10,488,751	134,865	-
Nigel Jeffries	500,000	-	19,249
Vivian Stewart	2,748,174	-	17,619
Paul Tyler	1,676,735	-	36,394

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

- 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 17 of this financial report and forms part of this Directors' report.

Directors' Report (cont)

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
  - Fixed Remuneration is set based on relevant market relativities, reflecting responsibilities, performance, qualifications, experience and geographic location;
- Short term incentives
  - STI performance criteria are set by reference Group, Regional and Individual performance targets relevant to the specific position; and
- Long term incentives
  - LTI targets are linked to both BigAir Group group **internal** (Earnings per Share (EPS) growth) and **external** (relative Total Shareholder Return (TSR)) outperformance measures.

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

Directors' Report (cont)

conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

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)
The STI arrangements at BigAir Group are designed to reward executives for the achievement against annual performance targets set by the Board at the beginning of the performance period. The STI program is reviewed annually by the Nomination and Remuneration Committee and approved by the Board.

Any STI award in excess of the 100% budget opportunity is individually approved by Nomination and Remuneration Committee. All STI awards to the CEO and other KMP are approved by Nomination and Remuneration Committee and the Board.

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.

Long term incentive (LTI)
The LTI provides an annual opportunity for selected executives to receive an equity award deferred for three years that is intended to align a significant portion of an executives overall remuneration to shareholder value over the longer term. All LTI awards remain at risk and subject to clawback (forfeiture or lapse) until vesting and must meet or exceed EPS growth rates and/or relative TSR performance hurdles over the vesting period.

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 2015 $	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $
Revenue	62,650,228	41,741,070	29,911,909	22,906,677	15,521,014
Net profit/(loss) before tax	7,892,394	8,188,528	6,992,015	6,005,507	2,300,383
Net profit/(loss) after tax	4,845,605	5,342,983	4,751,323	4,225,483	1,535,479

Directors' Report (cont)

	30 June 2015 cents per share	30 June 2014 cents per share	30 June 2013 cents per share	30 June 2012 cents per share	30 June 2011 cents per share
Share price at start of year	91.0	60.0	37.5	31.0	17.0
Share price at end of year	61.0	91.0	60.0	37.5	31.0
Interim dividend	-	-	-	-	-
Final dividend	1.2	1.1	1	1	-
Basic earnings per share	2.8	3.1	2.9	2.8	1.2
Diluted earnings per share	2.8	3.1	2.9	2.8	1.2

Voting and comments made at the company's 2014 Annual General Meeting

BigAir Group Limited received more than 98% of "yes" votes on its remuneration report for the 2014 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 Limited 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)

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)
Scott Mason (Chief Marketing and Sales Officer)
Tony Tilbrook (Chief Technology Officer – Design and Construction)
Aidan Mountford (Chief Operating Officer – Network Services)
Scott Atkinson (Chief Technology Officer – Cloud and Managed Services)

Remuneration packages contain the following key elements:

(a) Short term employment benefits (Fixed remuneration and Short term incentives);
(b) Equity issued share-based payments (Issued as part of the Employee Share Scheme);
(c) Post-employment benefits (Superannuation of 9.5% of gross salary);
(d) Long term incentives; and

Directors' Report (cont)

(e) 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:

2015 Remuneration	Short-term Employment Benefits		Employee share issue payments	Post-employment benefits – Superannuation	Share-based payments	Total
	Salary & Fees $	Cash Performance Bonus (i) $	$	$	$	$
Non-executive Directors						
Paul Tyler	90,128	-	-	8,270	7,883	106,281
Vivian Stewart	47,669	-	-	4,374	5,723	57,766
Nigel Jeffries	47,669	-	-	-	5,911	53,580
Key Management Personnel						
Jason Ashton	272,521	62,266	2,000	27,510	20,444	384,741
Charles Chapman	213,248	41,001	2,000	22,480	3,696	282,425
Scott Mason*	165,918	-	2,000	15,833	-	183,751
Tony Tilbrook*	150,000	-	2,000	12,825	-	164,825
Aidan Mountford*	209,842	12,153	2,000	12,724	-	236,719
Scott Atkinson*	180,000	33,333	2,000	20,267	2,464	238,064
Total	**1,376,995**	**148,753**	**12,000**	**124,283**	**46,121**	**1,708,152**

*Appointed as key management personnel during the financial year and remuneration is from date of appointment to 30 June 2015.

2014 Remuneration	Short-term Employment Benefits		Employee share issue payments	Post-employment benefits – Superannuation	Share-based 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**

(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. This is consistent with the prior year.

Directors' Report (cont)

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	79%	16%	5%
Charles Chapman	84%	15%	1%
Scott Mason	100%	-	-
Tony Tilbrook	100%	-	-
Aidan Mountford	95%	5%	-
Scott Atkinson	85%	14%	1%

Since the long-term incentives are provided exclusively by way of options and rights, the percentages disclosed also reflect the value of remuneration consisting of options and rights, based on the value 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	$273,973	Unspecified	Three months
Charles Chapman	$220,853	Unspecified	One month
Scott Mason	$200,000	Unspecified	One month
Tony Tilbrook	$135,000	Unspecified	One month
Aidan Mountford	$200,913	Unspecified	One month
Scott Atkinson	$180,000	Unspecified	One month

The base salary in the above table differs from the salary and fees in the 2015 remuneration table due to some personnel having only worked for part of the year as well as an increase in entitlements from 1 January 2015 and allowances paid. There are no provisions for termination payments provided under these contracts.

Under the BigAir Group Limited 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

Options

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.

Directors' Report (cont)

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	1.04
Charles Chapman	480,000	23/12/11	0.15	160,000	45,120	-	0.282	23/11/12	23/12/16	1.04
Paul Tyler	450,000	23/12/11	0.15	150,000	42,300	-	0.282	23/11/12	23/12/16	2.82
Nigel Jeffries	450,000	23/12/11	0.15	150,000	42,300	-	0.282	23/11/12	23/12/16	5.55
Vivian Stewart	450,000	23/12/11	0.15	150,000	42,300	-	0.282	23/11/12	23/12/16	5.30
Scott Atkinson	100,000	23/12/11	0.15	100,000	28,200	-	0.282	23/11/12	23/12/16	0.88

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.

Performance Rights and Service Rights

The Group's current long-term incentive structure is in the form of a performance rights plan. Under the rules of the performance rights plan, participants may be granted rights to fully paid ordinary shares in the Company for no consideration, subject to certain performance conditions.

As part of the BigAir Equity Incentive Plan, unquoted Performance Rights and Service Rights were issued during the financial year. The Performance Rights have a 2.5-3 year term of service ending on 29 December 2017 and a CAGR EPS hurdle. The Service Rights have a 3 year term of service ending on 29 December 2017. There is no dividend participation as they are rights.

FY15 Performance rights grant	Number of rights granted	Number of rights forfeited	Number of rights vested	Number of rights held as at 30 June 2015	Fair value per right at grant date ($)
Non-executive Directors					
Paul Tyler	36,394	-	-	36,394	0.7920
Vivian Stewart	17,619	-	-	17,619	0.7920
Nigel Jeffries	19,249	-	-	19,249	0.7920
Key Management Personnel					
Jason Ashton	134,865	-	-	134,865	0.7920
Charles Chapman	98,041	-	-	98,041	0.7434
Scott Mason	62,149	-	-	62,149	0.7434
Tony Tilbrook	46,611	-	-	46,611	0.7434
Aidan Mountford	89,189	-	-	89,189	0.7434
Scott Atkinson	55,934	-	-	55,934	0.7434
Total	**560,051**	**-**	**-**	**560,051**	

Directors' Report (cont)

(e) Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, has been included in the remuneration table on page 13. No part of the bonus is payable in future years.

(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.

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
21 August 2015

Grant Thornton

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Sydney NSW 2000

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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 2015, 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, 21 August 2015

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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 2015, 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 2015 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 10 to 16 of the directors' report for the year ended 30 June 2015. 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 2015, 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, 21 August 2015

Directors' Declaration

The directors of BigAir Group Limited declare that:

1. the financial statements and notes of BigAir Group Limited, as set out on pages 22 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 2015 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 2015;

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
21 August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

		Consolidated	
	Note	2015 $	2014 $
Revenue	4	62,650,228	41,741,070
Cost of sales	5	(27,111,723)	(15,214,915)
Gross Profit		35,538,505	26,526,155
Other revenue	4	10,262	8,872
Other income	4	825,631	422,255
Employee benefits expense	5	(9,368,465)	(8,847,154)
General administration expenses		(8,628,670)	(2,774,894)
Depreciation and amortisation expenses	5	(6,514,433)	(5,935,864)
Occupancy expenses		(1,069,921)	(669,975)
Finance costs	5	(1,001,669)	(540,867)
Profit before adjustment to contingent consideration and tax		9,791,240	8,188,528
Adjustments to contingent consideration	5	(1,898,846)	-
Profit before income tax		7,892,394	8,188,528
Income tax expense	6	(3,046,789)	(2,845,545)
Profit for the year		4,845,605	5,342,983
Other comprehensive income		-	-
Total comprehensive income for the year		4,845,605	5,342,983
Earnings per share			
- Basic (cents per share)	23	2.8	3.1
- Diluted (cents per share)	23	2.8	3.1

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

Consolidated Statement of Financial Position
as at 30 June 2015

		Consolidated	
		2015	2014
	Note	$	$
Assets			
Current Assets			
Cash and cash equivalents	29(a)	2,653,421	2,443,344
Trade and other receivables	10	6,276,358	4,114,050
Current tax assets	19	1,129,146	-
Other assets	11	1,277,785	871,662
Total current assets		11,336,710	7,429,056
Non-current assets			
Other receivables	12	433,423	438,535
Property, plant and equipment	13	31,893,454	24,318,641
Deferred tax assets	19	107,428	563,424
Goodwill	14	44,020,009	31,537,135
Other intangible assets	15	4,495,395	2,892,502
Total non-current assets		80,949,709	59,750,237
Total assets		92,286,419	67,179,293
Liabilities			
Current liabilities			
Trade and other payables	16	14,827,462	6,640,286
Income received in advance	17	903,629	1,209,965
Borrowings	18	2,886,378	1,774,190
Current tax liabilities	19	-	784,649
Provisions	20	1,793,523	973,339
Total current liabilities		20,410,992	11,382,429
Non-current liabilities			
Trade and other payables	16	7,758,182	-
Income received in advance	17	1,268,752	956,242
Borrowings	18	16,247,422	12,165,372
Provisions	20	597,754	394,933
Total non-current liabilities		25,872,110	13,516,547
Total liabilities		46,283,102	24,898,976
Net assets		46,003,317	42,280,317
Equity			
Share capital	21	34,225,311	33,240,044
Share option reserve	22	46,323	252,599
Retained earnings		11,731,683	8,787,674
Total equity		46,003,317	42,280,317

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 2015

	Consolidated			
	Share capital	Share based payments reserve	Retained earnings	Total
	$	$	$	$
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 acquisition	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 payments	-	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
Total comprehensive income for the period	-	-	4,845,605	4,845,605
Issue of shares on business acquisitions	102,981	-	-	102,981
Issue of shares to employees	203,000	-	-	203,000
Issue of share capital under share-based payment	679,286	(239,390)	-	439,896
Employee share-based payments	-	33,114	-	33,114
Dividends	-	-	(1,901,596)	(1,901,596)
Balance at 30 June 2015	34,225,311	46,323	11,731,683	46,003,317

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 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Receipts from customers		68,204,008	44,265,737
Payments to suppliers and employees		(50,064,220)	(30,142,500)
Interest received		10,262	8,872
Finance costs		(1,001,669)	(540,867)
Income taxes paid		(3,637,949)	(3,082,924)
Net cash from operating activities	29(e)	13,510,432	10,508,318
Cash flows from investing activities			
Purchase of plant and equipment		(11,809,103)	(6,453,870)
Purchase of intangible assets		(838,750)	(659,123)
Proceeds from sale of plant and equipment		-	23,231
Payment for subsidiaries, net of cash acquired		(4,305,327)	(14,894,251)
Net cash used in investing activities		(16,953,180)	(21,984,013)
Cash flows from financing activities			
Proceeds from issue of share capital		439,896	364,720
Receipt/(repayment) of borrowings		5,075,203	13,059,509
Dividends paid		(1,862,274)	(1,606,264)
Net cash from financing activities		3,652,825	11,817,965
Net increase in cash and cash equivalents		210,077	342,270
Cash and cash equivalents at the beginning of the financial year		2,443,344	2,101,074
Cash and cash equivalents at the end of the financial year	29(a)	2,653,421	2,443,344

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

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 2015 (including comparatives) were approved and authorised for issue by the board of directors on 21 August 2015 (See Note 36).

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis. As at 30 June 2015, current liabilities exceed current assets by $9.1m. However it is noted that current liabilities include a one off provision of $3.2m for the earnout of Intelligent IP Communications Pty Ltd and $0.6m for the acquisition of Integrated Data Labs Pty Ltd. In addition, current liabilities include $2.5m of current borrowings as well as $3m for internal asset acquisitions and the sale of goods. Based on forecast profitability and positive operating cash flows and ability to raise additional equity and debt, management believe that the Group has adequate resources to support the going concern assumption.

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 2014. Information on these new standards is presented below.

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.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3 Amendments to AASB 136 – 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 and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

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 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:

- 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)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

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

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles) (cont)

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.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

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.

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) Introduces a ‘fair value through other comprehensive income’ measurement category for particular simple debt instruments.

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

AASB 9 Financial Instruments (Effective from 1 January 2018) (cont)

d) 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.

e) 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.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9.
However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers
- replaces AASB 118 Revenue, AASB 111 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

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

AASB 15 Revenue from Contracts with Customers (cont)

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED is open for comment until 14 August 2015.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

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.

Refer to the section on AASB 9 above.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments to AASB 116 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 AASB 138 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:

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

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (cont)

- 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.

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.

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15. Refer to the section on AASB 15 above.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9. Refer to the section on AASB 9 above.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)
AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 [December 2009] and AASB 9 [December 2010]) from 1 February 2015. Refer to the section on AASB 9 above.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements
The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

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

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB.

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

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (cont)

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines

that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.

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

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

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

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.

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 2015 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.

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.

3. Summary of accounting policies (cont)

(d) Foreign currency translation (cont)

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.

(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.

3. Summary of accounting policies (cont)

(e) Segment reporting (cont)

(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.

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 arises from the sale of goods and the rendering of services. 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.

3. Summary of accounting policies (cont)

(f) Revenue (cont)

The Group often enters into sales transactions involving a range of the Group's products and services, for example for the delivery of hardware, software and related after-sales service. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction.

(i) Standard wireless and internet usage

Standard wireless and internet usage charges are billed to subscribers on a monthly basis. These charges are recognised in revenue in the month to which they refer.

(ii) Sale of goods (hardware or software)

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognised on delivery.

(iii) Rendering of services

The Group generates revenues from cloud managed services as well as after-sales service and maintenance. Consideration received for those services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

Revenue from cloud managed services is recognised when the services are provided by reference to the contract's stage of completion at the reporting date.

(iv) 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.

(v) 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.

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

Intangible assets acquired separately

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 (n) for the policy applying to the impairment of long lived assets.

3. Summary of accounting policies (cont)

(k) Other intangible assets (cont)

Intangible assets acquired in a business combination

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.

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.

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).

3. Summary of accounting policies (cont)

(k) Other intangible assets (cont)

The following useful lives are applied:

- Customer bases 5-13 years
- Subscriber acquisition costs 1-3 years
- Spectrum asset 9 years

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

Subsequent expenditure 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

Property, plant and equipment and 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
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.

3. Summary of accounting policies (cont)

(l) Property, plant and equipment (cont)

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.

3. Summary of accounting policies (cont)

(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.

Cash-generating units to which goodwill has been allocated 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.

3. Summary of accounting policies (cont)

(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.

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.

<u>Loans and receivables</u>

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.

3. Summary of accounting policies (cont)

(o) Financial instruments (cont)

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) 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.

3. Summary of accounting policies (cont)

(p) Income taxes (cont)

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.

Tax consolidation

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 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.

3. Summary of accounting policies (cont)

(q) 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.

(r) 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.

(s) 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.

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.

3. Summary of accounting policies (cont)

(t) 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 based payments 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 and rights expected to vest.

Non-market vesting conditions are included in assumptions about the number of share based payments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options or rights 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 or rights ultimately exercised are different to that estimated on vesting.

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

(u) 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 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.

3. Summary of accounting policies (cont)

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

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.

(v) 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.

(w) 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.

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.

3. Summary of accounting policies (cont)

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

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 property, plant and equipment and intangibles

As described in Note 3(l), the Group reviews the estimated useful lives of property, plant and equipment and intangibles 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 it is expected that the remaining 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(l) and 3(k). 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 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.

3. Summary of accounting policies (cont)

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

Capitalised salaries

Field technician's salaries are capitalised to the extent they relate to the installation of broadband equipment. Management has estimated this capitalised salary rate to be 80%.

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.

Long Service Leave

The calculation of long service leave incorporates a series of assumptions, such as salary inflation and market yields on commonwealth government bonds. Fluctuations in any of the assumptions used to calculate these factors may impact the provision for long service leave.

4. Revenue

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

	Consolidated	
	2015 $	2014 $
Sales revenue:		
Fixed wireless	23,668,777	22,212,896
Community broadband	10,748,995	9,036,792
Cloud managed services	28,232,456	10,491,382
	62,650,228	41,741,070
Other revenue:		
Interest from bank deposits	10,262	8,872
Total revenue	62,660,490	41,749,942
Other income:		
R&D income	800,473	402,985
Other income	25,158	19,270
	825,631	422,255

5. Profit for the year before tax

Profit for the year includes the following expenses:

	Note	Consolidated 2015 $	Consolidated 2014 $
Cost of sales	(i)	27,111,723	15,214,915
Depreciation of non-current assets	13	5,322,056	4,442,193
Amortisation of subscriber acquisition costs	15	684,382	498,646
Amortisation of customer bases	15	414,095	887,225
Amortisation of spectrum asset	15	93,900	107,800
		6,514,433	5,935,864
Impairment of trade receivables (ii)	10	107,164	114,689
(Profit)/Loss on disposal of fixed assets		(9,266)	(21,892)
Deal and restructure costs (iii)		1,566,461	447,377
Operating lease rental expenses:			
Minimum lease payments		726,730	513,029
Finance costs		1,001,669	540,867
Adjustments to contingent consideration (iv)		1,898,846	-
Employee benefit expense:			
Defined contribution plan		967,065	672,713
Share-based payments		203,000	136,860
Other employee benefits		8,198,400	8,037,581
		9,368,465	8,847,154

(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.

(iii) Deal and restructure costs for the current year mainly relates to tax and legal fees for the acquisitions, staff redundancies, office removal costs and claim for demolition and makegood.

(iv) The adjustment to contingent consideration relates to the additional earn out provision for Intelligent IP Communications Pty Limited, for the period ending 30 June 2015.

6. Income taxes

	Consolidated 2015 $	Consolidated 2014 $
Tax expense comprises:		
Current tax expense	3,497,209	2,696,578
Deferred tax expense/(income)		
-Origination and reversal of temporary differences	(67,827)	148,967
-Over/under provision in prior year	106,968	-
-Recognition of tax losses	(489,561)	-
	3,046,789	2,845,545

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:

	2015 $	2014 $
Profit from operations	7,892,394	8,188,528
Income tax expense calculated at 30%	2,367,718	2,456,558
Permanent differences		
Non-deductible amortisation of customer base	27,320	129,228
Share based payment	41,735	51,304
Accounting expenditure subject to R&D	259,928	184,216
Adjustment to contingent consideration	569,654	-
Recognition of tax losses	(489,561)	-
Over/under provision in prior year	106,968	-
Other	163,027	24,239
Current income tax expense	3,046,789	2,845,545

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:

	2015 $	2014 $
Tax losses	222,982	501,340
Temporary differences	860,491	62,084
	1,083,473	563,424

6. Income taxes (cont)

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

2015	Consolidated Opening balance $	 Recognised in business combination $	 Recognised in profit and loss $	 Closing balance $
Non-current assets				
Capitalised subscriber acquisition costs	(541,618)	-	(46,310)	(587,928)
Acquired customer bases	(485,597)	(586,956)	96,508	(976,045)
Current liabilities				
Provisions	568,681	295,476	11,914	876,071
Accruals/income in advance	511,637	-	26,694	538,331
Blackhole expenditure	8,981	46,015	(20,979)	34,017
Tax losses – revenue	501,340	-	(278,358)	222,982
	563,424	(245,465)	(210,531)	107,428

Presented in the statement of financial position as follows:

Deferred tax asset	1,083,473
Deferred tax liability	(976,045)
	107,428

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

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 Limited. 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 Limited 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 2015. The total of remuneration paid to key management personnel of the Group is set out below:

	Consolidated	
	2015 $	2014 $
Short term employment benefits	1,525,748	861,265
Post-employment benefits	124,283	75,234
Employee share issues	12,000	4,000
Options	22,176	71,322
Rights	23,945	-
	1,708,152	1,011,821

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 27 January 2015, there were 263,636 (23 December 2013: 168,949) shares issued to employees under the Employee Share Plan.

b) Director and Executives Share Based Payment 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 and rights 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 and rights 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 and rights 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.

The Group's current long-term incentive structure is in the form of a performance rights plan. Under the rules of the performance rights plan, participants may be granted rights to fully paid ordinary shares in the Company for no consideration, subject to certain performance conditions.

As part of the BigAir Equity Incentive Plan, unquoted Performance Rights and Service Rights were issued during the financial year. The Performance Rights have a 3 year term of service ending on 29 December 2017 and a CAGR EPS hurdle. The Service Rights have a 3 year term of service ending on 29 December 2017. There is no dividend participation as they are rights.

8. Share-based payments (cont)

Director and executives	Options 2015 No.	Rights 2015 No.
Balance at beginning of the financial year	1,860,000	-
Granted during the financial year	-	560,051
Exercised during the financial year	(1,560,000)	-
Cancelled or expired during the financial year	(166,667)	-
Balance at end of the financial year	133,333	560,051

9. Remuneration of the auditor

	Consolidated 2015 $	Consolidated 2014 $
Audit and review of financial statements:		
Auditors of BigAir Group Limited – Grant Thornton	135,050	124,542
Other services		
Auditors of BigAir Group Limited – Grant Thornton – Taxation compliance	68,190	46,150
Total auditor's remuneration	203,240	170,692

10. Trade and other receivables

	Consolidated 2015 $	Consolidated 2014 $
Trade receivables (i)	6,263,119	4,326,990
Allowance for doubtful debts	(171,860)	(381,263)
	6,091,259	3,945,727
Other receivables	161,443	155,360
Sundry debtors	23,656	12,963
	6,276,358	4,114,050

(i) The average credit period for corporate clients on rendering of services is 31 days (2014: 25 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.

10. Trade and other receivables (cont)

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

	Consolidated 2015 $	Consolidated 2014 $
New Horizons Enterprises Ltd	544,302	-
Pilbara Manganese Pty Ltd	-	231,673
	544,302	231,673

Included in the Group's trade receivable balance are debtors with a carrying amount of $919,399 (2014: $771,447) 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 193 days (2014: 110 days).

Ageing of past due but not impaired

	Consolidated 2015 $	Consolidated 2014 $
60 - 90 days	356,413	492,677
90 + days	562,986	278,770
	919,399	771,447

Movement in the allowance for doubtful debts

	Consolidated 2015 $	Consolidated 2014 $
Balance at the beginning of the year	(381,263)	(114,556)
Allowance for doubtful debts acquired	-	(189,326)
Impairment losses recognised on receivables (i)	(139,608)	(251,032)
Amounts written off as uncollectable	316,567	37,527
Amounts recovered during the year	-	(219)
Impairment losses reversed (i)	32,444	136,343
Balance at the end of the year	(171,860)	(381,263)

(i) Net amount of trade receivables impaired for 2015 is $107,164 (2014: $114,689).

10. Trade and other receivables (cont)

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 $50,392 (2014: $38,726) 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.

Ageing of impaired trade receivables

	Consolidated	
	2015	**2014**
	$	**$**
Current	10,203	9,656
30-60 days	29,366	8,928
60- 90 days	10,854	1,072
Over 90 days	121,437	361,607
	171,860	381,263

11. Other assets

Prepayments	1,277,785	871,662

12. Other receivables

Rental deposits	433,423	438,535

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

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 1 July 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)
Balance at 30 June 2014	37,114,522	2,831,372	39,945,894
Additions	11,967,995	97,851	12,065,846
Additions - Consumables	-	-	-
Acquisitions through business combinations	29,893	822,271	852,164
Disposals	-	(21,141)	(21,141)
Cost at 30 June 2015	49,112,410	3,730,353	52,842,763
Accumulated depreciation			
Balance at 1 July 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)
Depreciation expense	(4,975,544)	(346,512)	(5,322,056)
Disposals	-	-	-
Balance at 30 June 2015	(19,662,049)	(1,287,260)	(20,949,309)
Net book value			
As at 30 June 2014	22,428,017	1,890,624	24,318,641
As at 30 June 2015	29,450,361	2,443,093	31,893,454

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.

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 2013	18,213,302
Acquired through business combinations	15,910,478
Balance at 30 June 2014	34,123,780
Acquired through business combinations	13,992,964
Adjustment upon finalising acquisition accounting	(1,510,090)
Balance at 30 June 2015	46,606,654
Accumulated impairment	
Balance at 30 June 2013	(2,586,645)
Impairment loss recognised	-
Balance at 30 June 2014	(2,586,645)
Impairment loss recognised	-
Balance at 30 June 2015	(2,586,645)
Net book value	
As at 30 June 2014	31,537,135
As at 30 June 2015	44,020,009

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 2015 $	Consolidated 2014 $
Fixed Wireless	13,465,524	12,614,937
Community Broadband	4,252,411	4,252,411
Cloud Managed Services	26,302,074	14,669,787
Goodwill	44,020,009	31,537,135

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 11.29% (2014: 11.95%), 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 11.29% 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	
	2015	**2014**
Key assumptions (i)		
Revenue growth	6-13% pa	10% pa
Margin improvement	2% pa	3% pa
Expense growth	5% pa	5% pa
Capital expenditure	10-18% pa	10% pa

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

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 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
Additions	-	1,956,520	-	1,956,520
Additions from internal capitalisation	838,750	-	-	838,750
Balance at 30 June 2015	3,887,067	8,142,515	376,232	12,405,814
Accumulated amortisation				
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)
Amortisation expense for the year	(684,382)	(414,095)	(93,900)	(1,192,377)
Balance at 30 June 2015	(3,185,279)	(4,388,907)	(336,233)	(7,910,419)
Net book value				
As at 30 June 2014	547,420	2,211,183	133,899	2,892,502
As at 30 June 2015	701,788	3,753,608	39,999	4,495,395

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

- Subscriber acquisition costs 1-3 years
- Customer bases 5-13 years
- Spectrum asset 9 years

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 ten 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. The Anittel Communications Pty Ltd customer base was acquired from Anittel Communications Pty Ltd on 31 January 2014. The Star-Tech Communications Pty Ltd customer base was acquired from Star-Tech Communications Pty Ltd on 30 April 2014. 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 to thirteen 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.

15. Other intangible assets (cont)

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.

16. Trade and other payables

	Consolidated	
	2015 $	2014 $
Trade and other payables - Current		
Trade payables (i)	7,819,023	2,705,038
Sundry creditors	638,364	362,849
Accruals	2,358,531	1,481,568
Goods and services tax (GST) payable	212,187	239,804
Amount due on business purchase (ii)	3,799,357	1,851,027
	14,827,462	6,640,286

	Consolidated	
	2015 $	2014 $
Trade and other payables – Non Current		
Amount due on business purchase (ii)	7,758,182	-
	7,758,182	-

(i) The average credit period on suppliers is 37 days (2014: 48 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 $3,208,454 and acquisition payments owing for Integrated Data Labs Pty Ltd of $590,903 for the period ending 30 June 2015. It also represents an EBITDA earn out for Oriel Technologies Pty Ltd of $7,758,182 for the period ending 30 June 2016. The prior year amount represented a EBITDA earn out for Intelligent IP Communications Pty Ltd of $1,851,027 for the periods ending 31 December 2014 and 30 June 2015.

17. Income received in advance

	Consolidated 2015 $	Consolidated 2014 $
Current		
Income received in advance from customers	903,629	1,209,965

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

	2015 $	2014 $
Non-Current		
Deferred R&D grant income	1,268,752	956,242

18. Borrowings

	Consolidated 2015 $	Consolidated 2014 $
Current		
Lease liability	386,378	305,050
Bank loan	2,500,000	1,469,140
	2,886,378	1,774,190
Non-Current		
Lease liability	454,177	535,015
Bank loan	15,793,245	11,630,357
	16,247,422	12,165,372

The Group increased its current facility with Westpac to $25m during the financial year. The facility has a Tranche A ($15m) and B ($10m). The facility has a term of 4 years and is at a variable interest rate of 4.04% and line fee of 1%. Tranche A is repayable at the end of the term and Tranche B has quarterly repayments of $625k. The purpose of this facility is to provide funds for acquisitions and required working capital.

19. Tax

	Consolidated 2015 $	Consolidated 2014 $
Current		
Current tax asset	1,129,146	-
Current tax liability	-	784,649
Deferred tax asset	107,428	563,424

20. Provisions

	Current Employee benefits $	Non-Current Employee benefits $
Carrying amount 1 July 2014	973,339	394,933
Additional provisions	1,734,136	202,821
Amount utilised	(913,952)	-
Carrying amount 30 June 2015	1,793,523	597,754

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.

21. Share capital

	Consolidated			
	2015		2014	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	172,872,340	33,240,044	163,971,055	27,705,562
Issue of shares for business acquisitions	130,462	108,283	7,439,003	4,913,449
Transaction costs	-	(5,302)	-	(77,098)
Issue of shares from options exercised	1,560,000	679,286	1,293,333	561,271
Issue of shares to employees	263,636	203,000	168,949	136,860
Balance at end of financial year	174,826,438	34,225,311	172,872,340	33,240,044

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 and rights granted under the Director and Executives Share Based Payment 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 Intelligent IP Communications Pty Ltd. None of the parent's shares are held by any company in the Group.

21. Share capital (cont)

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.

22. Share option reserve

	Consolidated	
Employee equity-settled benefits	**2015** **$**	**2014** **$**
Balance at the beginning of the financial year	252,599	324,997
Transfer from reserves to retained earnings	-	-
Transfer to share capital for options exercised	(239,390)	(196,551)
Options and rights expense	33,114	124,153
Balance at the end of the financial year	46,323	252,599

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

Share options

During the financial year 1,560,000 share options were exercised and 166,667 share options were cancelled, including the exercise of 910,000 share options from key management personnel (2014: 1,293,333 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	
	2015 Cents per share	2014 Cents per share
Basic profit per share from continuing operations	2.8	3.1
Diluted profit per share from continuing operations	2.8	3.1

	Consolidated	
	2015 $	2014 $
Profit for the period attributable to ordinary equity holders of the parent entity	4,845,605	5,342,983

	Consolidated	
	2015 No.	2014 No.
Weighted average number of ordinary shares for the purposes of basic profit per share	173,809,681	169,716,884
Weighted average number of ordinary shares for the purposes of diluted profit per share	174,457,765	171,325,733

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	
	2015 $	2014 $
Dividends declared post year end Fully franked interim dividend ($0.012 per share)	2,097,917	1,901,596

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 2015 is $2,097,917 (2014: $1,901,596). The franking credits balance is $7,426,528 as of 30 June 2015. (2014: $4,058,271).

23. Earnings per share and dividends (cont)

Franking Credits

The amount of the franking credits available for subsequent reporting periods are:	Parent 2015 $	Parent 2014 $
Balance at the beginning of the reporting period	4,058,271	1,678,080
Franking credits that will arise from the payment of the amount of provision for income tax and income tax return refund	4,183,227	3,082,924
Franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	(814,970)	(702,733)
Balance at the end of the reporting period	7,426,528	4,058,271

24. Leases

Leasing arrangements

Operating lease commitments

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.

	Consolidated 2015 $	Consolidated 2014 $
No longer than 1 year	1,848,143	1,434,553
Longer than 1 year and not longer than 5 years	5,294,483	3,030,279
Over 5 years	815,502	831,845
Total minimum lease payments	7,958,128	5,296,677

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 2015 were $726,730 (2014: $513,029).

Finance lease commitments

The finance leases relate to the leasing of motor vehicles, equipment 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.

24. Leases (cont)

	Consolidated 2015 $	Consolidated 2014 $
No longer than 1 year	433,755	361,509
Longer than 1 year and not longer than 5 years	485,515	578,750
Total minimum lease payments	919,270	940,259
Less amounts representing finance charges		
No longer than 1 year	(47,377)	(56,459)
Longer than 1 year and not longer than 5 years	(31,338)	(43,735)
Present value of minimum lease payments	840,555	840,065

25. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	Consolidated 2015 $	Consolidated 2014 $
Interest expenses for borrowings at amortised cost		
- Other borrowings at amortised cost	820,726	504,486
Interest expenses for finance lease arrangements	180,943	36,381
Total interest expenses for financial liabilities not at FVTPL	1,001,669	540,867

Finance income for the reporting periods consist of the following:

	Consolidated 2015 $	Consolidated 2014 $
Interest income from cash and cash equivalents	10,262	8,872
Interest income from related party receivable	-	-
Total interest income for financial assets not at FVTPL	10,262	8,872

26. Subsidiaries

	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
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	100
Anittel Communications Pty Limited	Australia	100	100
Unistar Enterprises Pty Limited	Australia	100	100
Oriel Technologies Pty Limited	Australia	100	-
Integrated Data Labs 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.

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.

27. 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.

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 operating 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.

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.

27. Segment reporting (cont)

(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.

(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:

- Impairment of assets and other non-recurring items of revenue or expense;
- Income tax expense;
- Deferred tax assets and liabilities; and
- Intangible assets

The following is an analysis of the revenue, results, assets and liabilities 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 2015

27. Segment reporting (cont)

(i) Segment performance

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Revenue	$	$	$	$	$	$	$	$
Sales revenue	23,682,845	22,238,611	10,748,995	9,036,793	28,218,388	10,465,666	62,650,228	41,741,070
Interest revenue	6,239	6,215	40	328	3,983	2,329	10,262	8,872
Segment revenue	23,689,084	22,219,111	10,749,035	9,037,121	28,222,371	10,493,710	62,660,490	41,749,942
Other income	14,068	19,087	-	-	811,563	403,168	825,631	422,255
Total group revenue and other income	23,703,152	22,238,198	10,749,035	9,037,121	29,033,934	10,896,878	63,486,121	42,172,197

27. Segment reporting (cont)

Segment net profit from continuing operations before tax

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $
	6,741,361	9,458,475	6,615,613	5,271,588	5,033,592	2,084,904	18,390,566	16,814,967
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	4,822,385	3,510,294	(4,528,054)	(3,449,951)	(294,331)	(60,343)	-	-
Corporate charges	(2,405,161)	(1,973,540)	(36,000)	(42,317)	(540,909)	(133,851)	(2,982,070)	(2,149,708)
Depreciation and amortisation	(4,075,242)	(4,483,728)	(740,009)	(662,436)	(1,699,182)	(789,700)	(6,514,433)	(5,935,864)
Finance costs	(825,284)	(511,966)	-	(37)	(176,385)	(28,864)	(1,001,669)	(540,867)
Net profit before tax from continuing operations	4,258,059	5,999,535	1,311,550	1,116,847	2,322,785	1,072,146	7,892,394	8,188,528

27. Segment reporting (cont)

(ii) Segment assets

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $
Segment assets	22,686,577	14,881,567	2,347,170	1,716,257	4,582,684	4,644,410	29,616,431	21,242,234
Segment asset additions for the period:								
Capital expenditure	6,889,671	4,398,509	1,912,670	1,163,362	3,263,505	891,999	12,065,846	6,453,870
Acquisitions	507,560	311,571	-	-	344,604	4,178,557	852,164	4,490,128
Reconciliation of segment assets to group assets:								
Current tax assets	(520,123)	-	(6,134)	-	1,655,403	-	1,129,146	-
Deferred tax assets/(liabilities)	528,221	558,109	5,315	5,315	(426,108)	-	107,428	563,424
Intangible assets	15,436,992	14,455,324	4,402,741	4,473,977	28,675,672	15,500,336	48,515,404	34,429,637
Total group assets	45,528,897	34,605,080	8,661,762	7,358,911	38,095,760	25,215,302	92,286,419	67,179,293

27. Segment reporting (cont)

(iii) Segment liabilities

	Fixed Wireless		Community Broadband		Cloud Managed Services		Total	
	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $	30 June 2015 $	30 June 2014 $
Segment liabilities	19,738,606	6,377,918	1,380,784	973,903	6,029,912	2,822,934	27,149,302	10,174,755

Reconciliation of segment liabilities to group liabilities:

	Fixed Wireless 30 June 2015 $	Fixed Wireless 30 June 2014 $	Community Broadband 30 June 2015 $	Community Broadband 30 June 2014 $	Cloud Managed Services 30 June 2015 $	Cloud Managed Services 30 June 2014 $	Total 30 June 2015 $	Total 30 June 2014 $
Other financial liabilities	18,656,992	13,176,026	-	-	476,808	763,536	19,133,800	13,939,562
Current tax liabilities	-	933,664	-	6,134	-	(155,149)	-	784,649
Total group liabilities	38,395,598	20,487,608	1,380,784	980,037	6,506,720	3,431,321	46,283,102	24,898,976

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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.
2015						
Paul Tyler	1,526,735	-	150,000	-	-	1,676,735
Nigel Jeffries	350,000	-	150,000	-	-	500,000
Vivian Stewart	2,598,174	-	150,000	-	-	2,748,174
Jason Ashton	10,286,154	2,597	200,000	-	-	10,488,751
Charles Chapman	833,009	2,597	160,000	-	-	995,606
Scott Mason	-	1,299	-	-	-	1,299
Aidan Mountford	-	649	-	-	-	649
Tony Tilbrook	-	2,597	-	-	-	2,597
Scott Atkinson	-	2,597	100,000	-	-	102,957
	15,594,072	12,336	910,000	-	-	16,516,408
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

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.
2015									
Jason Ashton	200,000	-	(200,000)	-	-	-	-	-	-
Charles Chapman	160,000	-	(160,000)	-	-	-	-	-	-
Paul Tyler	150,000	-	(150,000)	-	-	-	-	-	-
Nigel Jeffries	150,000	-	(150,000)	-	-	-	-	-	-
Vivian Stewart	150,000	-	(150,000)	-	-	-	-	-	-
Scott Atkinson	-	100,000	(100,000)	-	-	-	-	-	-
	810,000	100,000	(910,000)	-	-	-	-	-	-
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	-	-	-	-

During the financial year, 910,000 options were exercised by key management personnel on 23 December 2014. 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 2015 $	Consolidated 2014 $
Cash and cash equivalents	2,653,421	2,443,344

29. Notes to the cash flow statement (cont)

(b) Non-cash financing and investing activities

The Group issued $108,283 in shares as part of the Intelligent IP Communications Pty Ltd acquisition on 2 March 2015. The Group also issued 263,636 shares on 27 January 2015 as part of the Employee Share Scheme. During the year the Group entered into an asset finance facility and there have been assets acquired through the finance lease of $308,464 which is a non-cash investing activity. Apart from these transactions, 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 refinanced the bank loan facility and entered into an asset finance 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	
	2015 $	2014 $
Profit for the year	4,845,605	5,342,983
Depreciation of non-current assets	5,322,056	4,442,193
Amortisation of non-current assets	1,192,377	1,493,671
Equity settled share-based payment	676,012	625,733
Net gain on disposal of investment	-	-
Net gain on disposal of plant and equipment	(9,266)	(21,892)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
Decrease/(increase) in assets:		
Trade and other receivables	727,374	(471,296)
Inventories	-	-
Other current assets	(245,335)	489,771
(Increase)/decrease in deferred tax balances	(224,573)	(275,531)
(Decrease)/increase in liabilities:		
Trade and other payables	2,818,644	(247,303)
Other current liabilities	(1,433,256)	(635,724)
Current tax liabilities	(1,233,961)	(829,213)
Current provisions	207,383	269,981
Deferred tax liabilities	867,372	324,945
Cash flows provided by operations	13,510,432	10,508,318

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	
	2015	**2014**
	$	**$**
Financial assets		
Loans and receivables:		
Trade and other receivables	6,276,358	4,114,050
Cash and cash equivalents	2,653,421	2,443,344
	8,929,779	6,557,394
Financial liabilities		
Financial liabilities measured at amortised cost:		
Non-current:		
Trade and other payables	7,758,182	-
Borrowings	16,247,422	12,165,372
Current:		
Trade and other payables	14,827,462	6,640,286
Borrowings	2,886,378	1,774,190
	41,719,444	20,579,848

As at the end of the financial year, the Group also has bank guarantees with Westpac of $86,520, 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 are interest rate 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.

30. Financial instruments (cont)

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.

(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:

2015	Weighted average effective interest rate %	Maturity dates Less than 1 year $	Maturity dates 1-5 years $	Maturity dates More than 5 years $	Non-interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	0.56%	2,653,421	-	-	-	2,653,421
Trade and other receivables	-	-	-	-	6,276,358	6,276,358
		2,653,421	-	-	6,276,358	8,929,779
Financial liabilities:						
Trade and other payables	-	-	-	-	22,585,644	22,585,644
Borrowings	5.09%	2,886,378	16,247,422	-	-	19,133,800
		2,886,378	16,247,422	-	22,585,644	41,719,444

30. Financial instruments (cont)

2014	Weighted average effective interest rate %	Maturity dates: Less than 1 year $	Maturity dates: 1-5 years $	Maturity dates: More than 5 years $	Non-interest bearing $	Total $
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

Sensitivity Analysis

	Consolidated Profit $	Consolidated Equity $
+/- 2% in interest rates	329,607	329,607

(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.

30. Financial instruments (cont)

(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.

31. Business acquisitions

(a) Oriel Technologies Pty Ltd

On 18 November 2014, the Group entered into a share sale agreement to acquire all of the shares in Oriel Technologies Pty Ltd ('Oriel'). Founded in 1995, Oriel has grown to become one of Australia's leading and most innovative managed IT service providers, offering bespoke solutions to organisations that seek business-driven IT. Focused on mid-enterprise businesses, all of Oriel's services are designed with business needs in mind and meet the security, compliance, and flexibility standards that Oriel's customers have come to expect. Taking a consultancy-led approach enables Oriel to develop a deep understanding of its customers' corporate environments and tailor solutions accordingly. Oriel enables organisations to prosper in the virtual era whilst driving real business results.

The acquisition of Oriel adds a new dimension to BigAir's cloud and managed services strategy. Oriel's well-established managed services portfolio, which consists of networking, systems, communications, support, Infrastructure as a Service, Desktop as a Service, as well as private, hybrid and public cloud, will allow BigAir to significantly accelerate its plans to broaden its solutions portfolio.

Oriel's breadth of technical capability and mature managed service products provides an exciting platform for BigAir's planned strategic growth in the managed IT services area. BigAir believe Oriel will provide significant cross-selling opportunities across both customer bases, with existing BigAir customers having immediate access to Oriel's extensive solution offerings and managed services portfolio. Oriel's successful business model transformation from IT reseller to a managed services provider with a significant customer base has made it an excellent strategic choice for BigAir, who wishes to expand its reach in the medium enterprise market.

Oriel has been consolidated into the Group from the date of control which was 19 December 2014.

31. Business acquisitions (cont)

(a) Oriel Technologies Pty Ltd

	Consolidated	
	Acquiree's carrying amount	Fair Value*
	$	$
Fair value of consideration transferred		
Cash		4,210,000
EBITDA earn-out		7,758,182
		11,968,182
Less:		
Cash and cash equivalents	884,431	884,431
Receivables	2,884,321	2,884,321
Other assets	160,215	160,215
Property, plant and equipment	393,983	344,604
Deferred tax asset	-	276,680
Income received in advance	(835,043)	(1,290,708)
Payables	(3,632,928)	(4,180,170)
	(145,021)	(920,627)
Identifiable assets and liabilities assumed		(920,627)
Goodwill on acquisition		12,888,809

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

Consideration transferred settled in cash	4,210,000
Cash and cash equivalents acquired	(884,431)
Net cash outflow on acquisition	3,325,569
Acquisition costs charged to expenses	1,124,979
Net cash paid relating to the acquisition	4,450,548

The initial accounting for this business combination is only provisionally complete as the acquisition occurred on 19 December 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 Oriel is preliminary.

31. Business acquisitions (cont)

(a) Oriel Technologies Pty Ltd (cont)

Consideration transferred

The acquisition of Oriel was settled in cash of $4,210,000. Acquisition-related costs amounting to $1,124,979 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 Oriel for a purchase price comprising:

- $4,210,000 in cash payable on completion
- Two annual earn out payments based on incremental EBITDA generated:
  - Incremental EBITDA is measured against a baseline EBITDA of $842,000;
  - Earn out payments calculated using a 2.25 times multiple of the increased incremental EBITDA over the 12 months ending 30 June 2015 and 30 June 2016;
  - Earn out payments will be made 50% in cash and 50% in BigAir shares.
- The total acquisition price is capped at $15 million. The upfront cash consideration has been funded with an increased debt facility and the earn out payments will be funded from future operating cash flows.

Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to $2,884,321, with a gross contractual amount of $2,884,321.

Goodwill

Goodwill of $12,888,809 includes intangibles of which are yet to be identified and will be separately recognised on completion of acquisition accounting.

Oriel's contribution to the Group results

Revenue generated from the acquisition of Oriel included in the consolidated revenue of the Group for the financial reporting year of 30 June 2015 amounted to $9,027,448. Net profit generated from the acquisition of Oriel included in the consolidated profit of the Group for the financial reporting year of 30 June 2015 amounted to $141,901.

The Group has a history of turning businesses around, and as a result it is impracticable due to the different ownership to measure the contribution Oriel would have made to revenue and profit of the Group for the financial year, had Oriel been held for the full financial year.

31. Business acquisitions (cont)

(b) Integrated Data Labs Pty Ltd

On 19 December 2014, the Group entered into a share sale agreement to acquire all of the shares in Newcastle based telecommunications carrier Integrated Data Labs Pty Ltd (‘IDL’). The acquisition was completed on 13 February 2015.

IDL has been consolidated into the Group from the date of control which was 13 February 2015.

	Consolidated	
	Acquiree's carrying amount	Fair Value*
	$	$
Fair value of consideration transferred		
Cash		1,104,000
		1,104,000
Less:		
Cash and cash equivalents	124,242	124,242
Receivables	-	-
Other assets	111,482	95,794
Property, plant and equipment	550,957	507,560
Deferred tax asset	-	18,797
Income received in advance	(150,214)	(150,214)
Payables	(464,087)	(596,333)
	172,380	(154)
Identifiable assets and liabilities assumed		(154)
Goodwill on acquisition		1,104,154

Consideration transferred settled in cash	1,104,000
Cash and cash equivalents acquired	(124,242)
Net cash outflow on acquisition	979,758
Acquisition costs charged to expenses	7,355
Net cash paid relating to the acquisition	987,113

* 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 13 February 2015. The accounting will be finalised within 12 months of the acquisition. The assessment of the fair values of the identifiable net assets acquired of IDL is preliminary.

31. Business acquisitions (cont)

(b) Integrated Data Labs Pty Ltd (cont)

Consideration transferred

The Group has acquired IDL for a total consideration of $1,104,000, which is structured in equal payments of $92,000 per month over 12 months, commencing from 13 February 2015. The monthly payments will be funded from operating cash flow. Acquisition-related costs amounting $7,355 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 $nil, with a gross contractual amount of $nil.

Goodwill

Goodwill of $1,104,154 includes intangibles of which are yet to be identified and will be separately recongnised on completion of acquisition accounting.

IDL's contribution to the Group results

Revenue generated from the acquisition of IDL included in the consolidated revenue of the Group for the financial reporting year of 30 June 2015 amounted to $658,231. Net profit generated from the acquisition of IDL included in the consolidated profit of the Group for the financial reporting year of 30 June 2015 amounted to $321,429.

The Group has a history of turning businesses around, and as a result it is impracticable due to the different ownership to measure the contribution IDL would have made to revenue and profit of the Group for the financial year, had IDL been held for the full financial year.

(c) 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.

31. Business acquisitions (cont)

(c) Anittel Communications Pty Ltd (cont)

	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	1,397,312
Deferred tax asset	-	-
Customer base	-	1,739,218
Deferred tax liability	-	(521,765)
Borrowings	(868,401)	(868,401)
Payables	(2,411,380)	(2,577,838)
	(640,757)	645,838
Identifiable assets and liabilities assumed		645,838
Goodwill on acquisition		5,854,162
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		86,130
Net cash paid relating to the acquisition		6,586,130

Consideration transferred

The acquisition of ACPL was settled in cash of $6,500,000. Acquisition-related costs amounting to $86,130 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. The customer base acquired as part of the business combination amounted to $1,739,218.

31. Business acquisitions (cont)

(c) Anittel Communications Pty Ltd (cont)

Goodwill

Goodwill of $5,854,162 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of ACPL's workforce and expected cost synergies. Goodwill has been allocated to cash-generating units at 30 June 2015. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

ACPL's contribution to the Group results

Revenue generated from the acquisition of ACPL included in the consolidated revenue of the Group for the financial reporting year of 30 June 2015 amounted to $11,560,301. 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 2015 amounted to $603,769.

The values identified in relation to the acquisition of ACPL are final as at 30 June 2015.

(d) 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.

31. Business acquisitions (cont)

(d) 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
Property, plant and equipment	84,839	84,839
Deferred tax asset	-	-
Customer base	-	362,237
Deferred tax liability	-	(108,671)
Payables	(492,985)	(412,894)
	(120,778)	212,879
Identifiable assets and liabilities assumed		212,879
Goodwill on acquisition		987,121
Consideration transferred settled in cash		-
Cash and cash equivalents acquired		14,478
Net cash outflow on acquisition		14,478
Acquisition costs charged to expenses		54,504
Net cash paid relating to the acquisition		68,982

Consideration transferred

The acquisition of Star-Tech was settled in issued share capital of $1,200,000. Acquisition-related costs amounting to $54,504 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. The customer base acquired as part of the business combination amounted to $362,237.

Goodwill

Goodwill of $987,121 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Star-Tech's workforce and expected cost synergies. Goodwill has been allocated to cash-generating units.

31. Business acquisitions (cont)

(d) Unistar Enterprises Pty Ltd (cont)

Star-Tech's contribution to the Group results
Revenue generated from the acquisition of Star-Tech included in the consolidated revenue of the Group for the financial reporting year of 30 June 2015 amounted to $1,163,908. Net loss generated from the acquisition of Star-Tech included in the consolidated profit of the Group for the financial reporting year of 30 June 2015 amounted to $35,883.

The values identified in relation to the acquisition of Star-Tech are final as at 30 June 2015.

(e) 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

31. Business acquisitions (cont)

(e) Intelligent IP Communications Pty Ltd (cont)

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

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.

31. Business acquisitions (cont)

(e) Intelligent IP Communications Pty Ltd (cont)

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. An earn out payment of $526,529 ($418,246 in cash and $108,283 in shares) was paid for the earn out period ending 31 December 2014 and the current earn out provision is $3,208,454 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 for the financial reporting year of 30 June 2015 amounted to $7,621,485. 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 2015 amounted to $2,153,893.

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

32. Subsequent events

BigAir Group Limited entered into a binding share sale agreement to acquire all of the shares in Applaud IT Pty Limited ("Applaud"). The acquisition was completed on 1 July 2015. BigAir has acquired Applaud for an all cash consideration of $1.2 million payable on completion which has been funded from existing debt facilities.

There have been no other events subsequent to reporting date.

33. Commitments for expenditure

(a) Capital expenditure commitments

	Consolidated	
	2015 $	2014 $
Broadband infrastructure	768,856	728,626

33. Commitments for expenditure (cont)

(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 $86,520 (See Note 30(b)).

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

35. BigAir Group Ltd parent company information

	Parent Entity	
	2015 $	2014 $
Financial Performance		
Profit for the year	2,047,472	4,186,356
Other comprehensive income	-	-
Total comprehensive income	2,047,472	4,186,356

	Parent Entity	
	2015 $	2014 $
Assets		
Current assets	2,555,609	3,848,378
Non-current assets	71,339,593	96,557,904
Total assets	73,895,202	100,406,282
Liabilities		
Current liabilities	14,833,350	(2,160,302)
Non-current liabilities	23,976,904	63,966,384
Total liabilities	38,810,254	61,806,082
Equity		
Share capital	34,233,228	33,247,961
Share option reserve	46,323	252,599
Retained earnings	805,397	5,099,641
Total equity	35,084,948	38,600,200

BigAir Group Limited 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 2015 (including comparatives) were approved by the board of directors on 21 August 2015.

ASX additional information as at 30 June 2015

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 18 August 2015.

Number of holders of equity securities

Ordinary share capital

- 174,826,438 fully paid ordinary shares are held by 4,048 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	19,069,319	10.908
MICROEQUITIES ASSET MANAGEMENT PTY LIMITED	10,679,200	6.108
BNP PARIBAS NOMS PTY LTD	10,425,291	5.963
JMAS PTY LTD	10,324,718	5.906

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	433	292,687	0.167
1,001-5,000	1,226	3,557,735	2.035
5,001-10,000	922	7,257,471	4.151
10,001-100,000	1,351	39,864,957	22.803
100,001-99,999,999	116	123,853,588	70.844
Totals	**4,048**	**174,826,438**	**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 17 August 2015 is 180.

ASX additional information as at 30 June 2015 (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	19,069,319	10.908
MICROEQUITIES ASSET MANAGEMENT PTY LIMITED	10,679,200	6.108
BNP PARIBAS NOMS PTY LTD	10,425,291	5.963
JMAS PTY LTD	10,324,718	5.906
EQUITAS NOMINEES PTY LIMITED	6,144,823	3.515
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,075,328	2.903
CITICORP NOMINEES PTY LIMITED	5,049,987	2.889
MIRRABOOKA INVESTMENTS LIMITED	5,000,000	2.860
MR WALLACE MACKENZIE ASHTON	3,883,982	2.222
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,729,262	1.561
RBC INVESTOR SERVICES AUSTRALIA NOMINEES	2,061,108	1.179
DITCHLEY PTY LTD LIMITED	2,001,933	1.145
AMCIL LIMITED	2,000,000	1.144
SYMMALL PTY LTD	2,000,000	1.144
VORPAL PTY LIMITED	1,961,704	1.122
L J CATELAN SUPERANNUATION FUND PTY LTD	1,784,805	1.021
MR PAUL DAVID TYLER	1,676,735	0.959
OLD FLETCHER & PARTNERS PTY LTD	1,607,771	0.920
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES	1,495,694	0.856
FRETENSIS PTY LTD	1,400,000	0.801
	96,371,660	55.124

Number of holders of unquoted equity securities
The number of option holders is 2.

Company Secretary
Charles Chapman

Registered office and principle administration office
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59 Buckingham Street
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Tel: (02) 9993 1300

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Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street, Sydney, NSW, 2000
Tel: (02) 9290 9600