

BigAir Group Limited  
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26 February 2016

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

**Attention: Company Announcement Officer**

Dear Sir / Madam

**Appendix 4D and Interim financial report 31 December 2015**

In accordance with Listing Rule 4.2A, please find attached the Half-Year Appendix 4D and Interim Financial Report for the half-year ended 31 December 2015.

It is recommended that these half-year reports be read in conjunction with the Annual Report for the year ending 30 June 2015 and any public announcements made by the company during the half-year.

Yours sincerely

A handwritten signature in black ink, appearing to read "C. Chapman".

Charles Chapman  
Company Secretary

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**About BigAir Group Limited**

BigAir owns and operates Australia's largest metropolitan fixed wireless broadband network. The Australian business market comprises nearly one million businesses and BigAir's network provides near blanket coverage across its 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.

For further information please visit [www.bigair.com.au](http://www.bigair.com.au)

**BigAir Group Limited**  
**APPENDIX 4D**  
**Half-year Report 31 December 2015**  
 (ABN 57 098 572 626)

**Results for announcement to market**

Current reporting period – half-year ended 31 December 2015

Previous corresponding reporting period – half-year ended 31 December 2014

<b>Results</b>				<b>A\$</b>
Revenues from ordinary activities	Up	54%	To	40,278,900
Profit from ordinary activities after tax attributable to members	Up	4%	To	2,972,281
Net profit for the period attributable to members	Up	4%	To	2,972,281

<b>Dividends</b>	\$2,097,917 on 30 September 2015.
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**Commentary on results for the period**

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

**Supplementary information**

**1. Net tangible assets per security**

	<b>Current Period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per share	(3.4) cents	(2.3) cents

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

<b>Name of entity</b>	<b>Applaud IT Pty Ltd</b>	
Date of control	8 July 2015	
	<b>Current period</b>	<b>Previous corresponding Period</b>
	<b>A\$</b>	<b>A\$</b>
Contribution to profit from ordinary activities before taxation	28,592	Nil

**BigAir Group Limited**  
**APPENDIX 4D**  
**Half-year Report 31 December 2015**  
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<b>Name of entity</b>	<b>Everywhere Internet Holdings Pty Ltd</b>	
Date of control	4 December 2015	
	<b>Current period</b>	<b>Previous corresponding Period</b>
	<b>A\$</b>	<b>A\$</b>
Contribution to profit from ordinary activities before taxation	63,149	Nil

### **3. Details of dividend payments**

In respect of the financial year ended 30 June 2015, a fully franked dividend of \$2,097,917 was declared with a payment date of 30 September 2015. In respect of the financial year ended 30 June 2014, fully franked dividend of \$1,901,596 was declared with a payment date of 30 September 2014.

### **4. Dividend re-investment plan**

No dividend re-investment plan is in operation.

### **5. Associates or joint ventures**

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

### **6. Audit/review**

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

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It is recommended that this report be read in conjunction with the Annual Report for the year ending 30 June 2015 and any public announcements made by the company during the half-year.

# **BigAir Group Limited**

**ABN 57 098 572 626**

**Interim financial report  
for the half-year ended 31 December 2015**

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Directors' Report

The Directors of BigAir Group Limited ('BigAir') present their Report together with the financial statements of the Consolidated Entity, being BigAir ('the Company') and its Controlled Entities ('the Group') for the half-year ended 31 December 2015.

#### Director details

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

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

#### Review of operations

In the last six months BigAir continued its acquisition strategy with the acquisition of Applaud IT Pty Ltd ("Applaud") in July 2015 and Everywhere Internet Pty Ltd in December 2015.

Applaud was founded in January 2005 primarily as a Managed Services Provider, specialising in Service Desk and Network Operations Centre capabilities. It has since extended that capability to provide an assortment of Integration, Consulting and Cloud Services capable of providing 'turn key' IT Service and Support to the mid-market segment. Its primary industry verticals include Human Resources, Private Healthcare, Supply Chain and Not For Profits.

Everywhere Internet Pty Ltd ("Everywhere Internet") has provided internet services to Australian companies since 2005 and is a leading provider of Managed WiFi services.

#### Financial Highlights

- Revenue up 54% to \$40.3 million (1H15: \$26.2 million)
- Gross Profit up 29% to \$20.5 million (1H15: \$15.9 million)
- NPAT up 4% to \$3.0 million (1H15: \$2.8 million)

#### Non-IFRS financial information

- Underlying EBITDA up 18% to \$10.1 million (1H15: \$8.5million)
- Underlying NPAT up 7% to \$3.7 million (1H15: \$3.5 million)
- Underlying Earnings Per Share up 5% to 2.12 cents (1H15: 2.01 cents)

The growth in revenue and earnings achieved over the past six months reflects BigAir Group's ongoing expansion into the Cloud and Managed Services markets along with continued organic growth in its existing Community Broadband and Fixed Wireless divisions.

We remain focused on leveraging our core infrastructure assets and the unique advantages offered by combining our advanced connectivity offerings with our Cloud, IT and Managed

<sup>1</sup> Non-IFRS Financial Information, The Company considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations. The non-IFRS financial information has been reviewed in accordance with Australian Auditing Standards.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Directors' Report (cont)

Service offerings. BigAir can now bundle a much richer range of solutions to our mid-market customers that is largely unique in the competitive landscape.

We expect our acquisition strategy combined with organic growth to continue to drive strong top line revenue growth, while preserving the healthy margins we enjoy as a national infrastructure owner.

#### Positive outlook

Historically BGL Group has enjoyed a stronger performance in the 2nd half of the financial year versus the 1st half, and we expect this trend to continue.

The second half of the 2016 financial year will benefit from the addition of revenues and earnings from Everywhere Internet, and Applaud is also expected to contribute materially to earnings in the second half.

BigAir's Community Broadband division has had an excellent start to 2016 with a 15% increase in student signups versus the same period last year. BigAir has received contracts to deploy our Managed WiFi and analytics into another six large Shopping Centres and BigAir was also successful in the Western Sydney University (WSU) WiFi tender to supply WiFi infrastructure at 17 sites across 7 campuses.

Our Cloud and Managed Service pipeline is also at record levels. The cross-selling program that we embarked upon last year is now picking up momentum.

#### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act is included on page 5 of this financial report, and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



Paul Tyler  
Non-Executive Chairman  
Director

Sydney, 26 February 2016

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### **Auditor's Independence Declaration To the Directors of BigAir Group Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of BigAir Group Limited for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S M Coulton  
Partner - Audit & Assurance

Sydney, 26 February 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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

We have reviewed the accompanying half-year financial report of BigAir Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of BigAir Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

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

### **Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S M Coulton  
Partner - Audit & Assurance

Sydney, 26 February 2016

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015

	Consolidated	
	Half-Year Ended 31 December 2015 \$	Half-Year Ended 31 December 2014 \$
Revenue	40,278,900	26,213,744
Cost of sales	(19,793,148)	(10,274,800)
Gross profit	20,485,752	15,938,944
Other revenue	4,459	8,351
Other income	394,520	363,516
Employee benefits expense	(6,033,575)	(4,269,328)
General administration expense	(4,556,113)	(3,321,156)
Depreciation and amortisation expenses	(4,236,413)	(3,517,906)
Occupancy expense	(697,499)	(464,276)
Finance costs	(769,039)	(380,765)
<b><i>Profit before income tax</i></b>	4,592,092	4,357,380
Income tax expense	(1,619,811)	(1,511,024)
<b><i>Profit for the period</i></b>	2,972,281	2,846,356
Other comprehensive income	-	-
<b><i>Total comprehensive income for the period</i></b>	2,972,281	2,846,356
Total comprehensive income attributable to:		
- members of the parent entity	2,972,281	2,846,356
- non-controlling interest	-	-
	2,972,281	2,846,356
<b><i>Earnings per Share:</i></b>		
From continuing operations:		
Basic earnings per share (cents)	1.69	1.65
Diluted earnings per share (cents)	1.68	1.65

The accompanying notes form part of these financial statements.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Consolidated Statement of Financial Position as at 31 December 2015

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
<b><i>Current Assets</i></b>		
Cash and cash equivalents	2,229,690	2,653,421
Trade and other receivables	7,121,134	6,276,358
Current tax assets	762,576	1,129,146
Other assets	1,529,707	1,277,785
	<b>11,643,107</b>	<b>11,336,710</b>
<b><i>Non-Current Assets</i></b>		
Other non-current assets	2,135,468	433,423
Property, plant and equipment	33,794,668	31,893,454
Deferred tax assets	-	107,428
Goodwill	48,053,145	44,020,009
Other intangible assets	5,894,415	4,495,395
	<b>89,877,696</b>	<b>80,949,709</b>
<b><i>Total Assets</i></b>	<b>101,520,803</b>	<b>92,286,419</b>
<b><i>Current Liabilities</i></b>		
Trade and other payables	7,297,455	11,028,105
Income received in advance	1,343,273	903,629
Earn out provision	6,725,606	3,799,357
Provisions	2,207,389	1,793,523
Borrowings	3,988,948	2,886,378
	<b>21,562,671</b>	<b>20,410,992</b>
<b><i>Non-Current Liabilities</i></b>		
Income received in advance	1,350,415	1,268,752
Earn out provision	2,635,380	7,758,182
Provisions	653,769	597,754
Deferred tax liabilities	364,209	-
Borrowings	27,329,504	16,247,422
	<b>32,333,277</b>	<b>25,872,110</b>
<b><i>Total Liabilities</i></b>	<b>53,895,948</b>	<b>46,283,102</b>
<b><i>Net Assets</i></b>	<b>47,624,855</b>	<b>46,003,317</b>
<b><i>Equity</i></b>		
Share capital	34,877,181	34,225,311
Share option reserve	141,627	46,323
Retained earnings	12,606,047	11,731,683
	<b>47,624,855</b>	<b>46,003,317</b>
<b><i>Total Equity</i></b>	<b>47,624,855</b>	<b>46,003,317</b>

The accompanying notes form part of these financial statements.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Consolidated Statement of Changes in Equity for the half-year ended 31 December 2015

	Share capital \$	Share option reserve \$	Retained earnings \$	Total \$
<b>Balance at 1 July 2014</b>	33,240,044	252,599	8,787,674	42,280,317
Total comprehensive income for the period	-	-	2,846,356	2,846,356
<b>Subtotal</b>	-	-	2,846,356	2,846,356
Issue of shares converted from options	679,286	(239,390)	-	439,896
Employee share-based payment options	-	9,170	-	9,170
Dividends	-	-	(1,901,596)	(1,901,596)
<b>Balance at 31 December 2014</b>	<b>33,919,330</b>	<b>22,379</b>	<b>9,732,434</b>	<b>43,674,143</b>
<b>Balance at 1 July 2015</b>	34,225,311	46,323	11,731,683	46,003,317
Total comprehensive income for the period	-	-	2,972,281	2,972,281
<b>Subtotal</b>	-	-	2,972,281	2,972,281
Issue of shares on business acquisition	641,690	-	-	641,690
Transaction costs on issue of shares	(3,920)	-	-	(3,920)
Employee share-based payment options	14,100	95,304	-	109,404
Dividends	-	-	(2,097,917)	(2,097,917)
<b>Balance at 31 December 2015</b>	<b>34,877,181</b>	<b>141,627</b>	<b>12,606,047</b>	<b>47,624,855</b>

The accompanying notes form part of these financial statements.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Consolidated Statement of Cash Flows for the half-year ended 31 December 2015

	Consolidated	
	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
<b><i>Cash flows from operating activities</i></b>		
Receipts from customers	43,161,534	28,987,525
Payments to suppliers and employees	(37,459,533)	(20,394,007)
Interest received	4,459	8,351
Finance costs	(769,039)	(380,765)
Income taxes paid	(578,052)	(1,470,797)
	4,359,369	6,750,307
<b><i>Cash flows from investing activities</i></b>		
Purchase of other intangible assets	(706,725)	(375,939)
Purchase of plant and equipment	(8,744,952)	(5,194,485)
Acquisition of subsidiaries, net of cash	(5,527,878)	(3,352,835)
	(14,979,555)	(8,923,259)
<b><i>Cash flows from financing activities</i></b>		
Proceeds from issue of share capital	10,181	439,896
Proceeds from bank loans	14,760,398	4,232,853
Repayments of bank loans	(2,535,020)	(153,027)
Dividends paid	(2,039,104)	(1,850,414)
	10,196,455	2,669,308
<b><i>Net (decrease)/increase in cash held</i></b>	(423,731)	496,356
<b><i>Cash and cash equivalents at the beginning of the half-year</i></b>	2,653,421	2,443,344
<b><i>Cash and cash equivalents at the end of the half-year</i></b>	2,229,690	2,939,700

The accompanying notes form part of these financial statements.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 1. Nature of operations

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.

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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.

#### 2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2015 and are presented in Australian Dollars (\$), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 26 February 2016.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 2. General information and basis of preparation (cont)

##### Going concern basis of accounting

The consolidated interim financial statements have been prepared on a going concern basis. As at 31 December 2015, current liabilities exceed current assets by \$9.9m. However it is noted that current liabilities include a one off provision of \$6.7m for the earnout of Oriel Technologies Pty Ltd. In addition, current liabilities include \$4m of current borrowings. Based on forecast profitability and ability to raise additional equity and debt, management believe that the Group has adequate resources to support the going concern assumption.

#### 3. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

#### 4. Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015.

#### 5. Acquisition of a business

##### (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.



# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (a) Oriel Technologies Pty Ltd (cont)

The acquisition of Oriel is consistent with BigAir's strategy to become a more complete technology solutions provider to its current and future customers, particularly those in the medium enterprise market. BigAir has achieved financial success with similar strategic investments in the cloud and managed services markets, namely Intelligent IP Communications, Star-Tech Communications, and Anittel Communications.

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.

	<b>Consolidated</b>	
	<b>Acquiree's carrying amount</b>	<b>Fair Value</b>
	<b>\$</b>	<b>\$</b>
<b>Fair value of consideration transferred</b>		
Cash		4,210,000
EBITDA earn out		6,725,606
		10,935,606
<b>Less:</b>		
Cash and cash equivalents	884,431	884,431
Receivables	2,884,321	2,849,247
Other assets	160,215	160,215
Property, plant and equipment	393,983	370,863
Customer base	-	1,064,779
Deferred tax asset	-	276,680
Deferred tax liability	-	(319,434)
Payables	(4,467,971)	(5,639,257)
	(145,021)	(352,476)

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (a) Oriel Technologies Pty Ltd (cont)

Identifiable assets and liabilities assumed	<u>(352,476)</u>
<b>Goodwill on acquisition</b>	<b><u>11,288,082</u></b>
Consideration transferred settled in cash	4,210,000
Cash and cash equivalents acquired	<u>(884,431)</u>
Net cash outflow on acquisition	3,325,569
Acquisition costs charged to expenses	<u>41,936</u>
Net cash paid relating to the acquisition	<u>3,367,505</u>

#### Consideration transferred

The acquisition of Oriel was settled in cash of \$4,210,000. Acquisition-related costs amounting to \$41,936 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 \$2,849,247, with a gross contractual amount of \$2,849,247.

#### Goodwill

Goodwill of \$11,288,082 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Oriel's workforce and expected cost synergies. Goodwill has been allocated to cash-generating units at 31 December 2015. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (a) Oriel Technologies Pty Ltd (cont)

###### **Oriel's contribution to the Group results**

Revenue generated from the acquisition of Oriel included in the consolidated revenue of the Group for the reporting period 31 December 2015 amounted to \$9,540,795. Net profit generated from the acquisition of Oriel included in the consolidated profit of the Group for the reporting period 31 December 2015 amounted to \$861,606.

The values identified in relation to the acquisition of Oriel are final as at 31 December 2015.

##### (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.

	<b>Consolidated</b>	
	<b>Acquiree's carrying amount</b>	<b>Fair Value</b>
	<b>\$</b>	<b>\$</b>
<b>Fair value of consideration transferred</b>		
Cash		1,104,000
		1,104,000
<b>Less:</b>		
Cash and cash equivalents	124,242	124,242
Receivables	-	-
Other assets	111,482	95,794
Property, plant and equipment	550,957	533,818
Customer base	-	735,177
Deferred tax asset	-	18,797
Deferred tax liability	-	(220,553)
Income received in advance	(150,214)	(150,214)
Payables	(464,087)	(592,486)
	172,380	544,575

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (b) Integrated Data Labs Pty Ltd (cont)

Identifiable assets and liabilities assumed	544,575
<b>Goodwill on acquisition</b>	<b>559,425</b>
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	7,600
Net cash paid relating to the acquisition	987,358

##### **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 have been funded from operating cash flow. Acquisition-related costs amounting to \$7,600 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 \$0, with a gross contractual amount of \$0.

##### **Goodwill**

Goodwill of \$559,425 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of IDL's workforce and expected cost synergies. Goodwill has been allocated to cash-generating units at 31 December 2015. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

##### **IDL's contribution to the Group results**

Revenue generated from the acquisition of IDL included in the consolidated revenue of the Group for the reporting period of 31 December 2015 amounted to \$960,239. Net profit before taxation generated from the acquisition of IDL included in the consolidated profit of the Group for the reporting period of 31 December 2015 amounted to \$547,897.

The values identified in relation to the acquisition of IDL are final as at 31 December 2015.

# BigAir Group Limited and Controlled Entities

## Interim financial report

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (c) Applaud IT Pty Ltd

On 8 July 2015, the Group entered into a share sale agreement to acquire all of the shares in Applaud IT Pty Ltd ("Applaud"). Applaud was founded in January 2005 primarily as a Managed Services Provider, specialising in Service Desk and Network Operations Centre capabilities. It has since extended that capability to provide an assortment of Integration, Consulting and Cloud Services capable of providing 'turn key' IT Service and Support to the mid-market segment. Its primary industry verticals include Human Resources, Private Healthcare, Supply Chain and Not For Profits.

Applaud has been consolidated into the Group from the date of control which was 8 July 2015.

	<b>Consolidated</b>	
	<b>Acquiree's carrying amount</b>	<b>Fair Value*</b>
	<b>\$</b>	<b>\$</b>
<b>Fair value of consideration transferred</b>		
Cash		1,200,000
		1,200,000
<b>Less:</b>		
Cash and cash equivalents	151,441	116,939
Receivables	386,999	382,979
Inventories	1,967	1,967
Other assets	122,675	121,775
Property, plant and equipment	265,189	130,843
Deferred tax asset	-	232,916
Payables	(2,041,399)	(2,406,658)
	(1,113,128)	(1,419,239)
Identifiable assets and liabilities assumed		(1,419,239)
<b>Goodwill on acquisition</b>		<b>2,619,239</b>

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (c) Applaud IT Pty Ltd (cont)

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

Consideration transferred settled in cash	1,200,000
Cash and cash equivalents acquired	(116,939)
Net cash outflow on acquisition	<u>1,083,061</u>
Acquisition costs charged to expenses	39,416
Net cash paid relating to the acquisition	<u>1,122,477</u>

The initial accounting for this business combination is only provisionally complete as the acquisition occurred on 8 July 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 Applaud is preliminary.

##### **Consideration transferred**

The acquisition of Applaud was settled in cash of \$1,200,000. Acquisition-related costs amounting to \$39,416 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 \$382,979, with a gross contractual amount of \$382,979.

##### **Goodwill**

Goodwill of \$2,619,239 includes intangibles of which are yet to be identified and will be separately recognised on completion of acquisition accounting.

##### **Applaud's contribution to the Group results**

Revenue generated from the acquisition of Applaud included in the consolidated revenue of the Group for the reporting period of 31 December 2015 amounted to \$3,149,981. Net profit before taxation generated from the acquisition of Applaud included in the consolidated profit of the Group for the reporting period of 31 December 2015 amounted to \$28,592.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (d) Everywhere Internet Holdings Pty Ltd

On 4 December 2015, the Group entered into a share sale agreement to acquire all of the shares in Everywhere Internet Holdings Pty Ltd and Everywhere Internet Systems Pty Ltd ("Everywhere Internet"). Everywhere Internet has provided internet services to Australian companies since 2005 and is a leading provider of Managed WiFi services.

Everywhere Internet has been consolidated into the Group from the date of control which was 4 December 2015.

	<b>Consolidated</b>	
	<b>Acquiree's carrying amount</b>	<b>Fair Value*</b>
	<b>\$</b>	<b>\$</b>
<b>Fair value of consideration transferred</b>		
Cash		750,000
NPAT earn out		2,635,380
		3,385,380
<b>Less:</b>		
Cash and cash equivalents	553,741	553,741
Receivables	48,567	48,567
Inventories	4,968	4,968
Other assets	6,253	6,253
Property, plant and equipment	8,365	8,365
Deferred tax asset	-	14,732
Payables	(803,534)	(840,669)
	(181,640)	(204,043)
 Identifiable assets and liabilities assumed		 (204,043)
<b>Goodwill on acquisition</b>		<b>3,589,423</b>

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

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 5. Acquisition of a business (cont)

##### (d) Everywhere Internet Holdings Pty Ltd (cont)

Consideration transferred settled in cash	750,000
Cash and cash equivalents acquired	(553,741)
Net cash outflow on acquisition	196,259
Acquisition costs charged to expenses	4,820
Net cash paid relating to the acquisition	201,079

The initial accounting for this business combination is only provisionally complete as the acquisition occurred on 4 December 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 Everywhere Internet is preliminary.

##### Consideration transferred

The acquisition of Everywhere Internet was settled in cash of \$750,000. Acquisition-related costs amounting to \$4,820 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 Everywhere Internet for a purchase price comprising:

- \$750,000 in cash payable on completion;
- One annual earn out payment which is calculated by applying the earn out formula to the NPAT of Everywhere Internet for the earn out period, being from 1 July 2016 to 30 June 2017. The maximum aggregate liability in relation to the earn out payment is the maximum purchase price of \$3,500,000 less the \$750,000 paid at completion.

##### Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to \$48,567, with a gross contractual amount of \$48,567.

##### Goodwill

Goodwill of \$3,589,423 includes intangibles of which are yet to be identified and will be separately recognised on completion of acquisition accounting.

##### Everywhere Internet's contribution to the Group results

Revenue generated from the acquisition of Everywhere Internet included in the consolidated revenue of the Group for the reporting period of 31 December 2015 amounted to \$130,444. Net profit before taxation generated from the acquisition of Everywhere Internet included in the consolidated profit of the Group for the reporting period of 31 December 2015 amounted to \$63,149.



# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 6. Segment reporting

##### Identification of reportable segments

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

The Group is managed primarily on the basis of product category and service offerings. Operating segments are therefore determined on the same basis.

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

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

##### Types of products and services by segment

###### (i) *Fixed Wireless for Business*

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.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 6. 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**

##### *Accounting policies adopted*

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

##### *Inter-segment transactions*

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

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

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

The Group operates in one geographical area being in Australia.

The Group did not discontinue any of its existing operations during the year.

##### *Segment assets*

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

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

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 6. Segment reporting (cont)

##### *Segment liabilities*

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

##### *Unallocated items*

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

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

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

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 6. Segment reporting (cont)

##### (i) Segment performance

	Fixed wireless		Community broadband		Cloud Managed Services		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
External sales	15,718,574	13,854,051	6,032,093	5,411,189	21,581,708	9,454,975	43,332,375	28,720,215
Intersegment sales	(3,053,475)	(2,506,471)	-	-	-	-	(3,053,475)	(2,506,471)
Sales revenue	12,665,099	11,347,580	6,032,093	5,411,189	21,581,708	9,454,975	40,278,900	26,213,744
Interest revenue	2,783	2,997	786	35	890	5,319	4,459	8,351
<b>Total group revenue</b>	<b>12,667,882</b>	<b>11,350,577</b>	<b>6,032,879</b>	<b>5,411,224</b>	<b>21,582,598</b>	<b>9,460,294</b>	<b>40,283,359</b>	<b>26,222,095</b>

##### Segment net profit from continuing operations before tax

	Fixed wireless		Community broadband		Cloud Managed Services		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Segment net profit from continuing operations before tax	5,332,596	5,190,446	3,905,940	3,182,845	2,643,444	2,008,466	11,881,980	10,381,757
Reconciliation of segment result to group net profit before tax:								
i. Amounts not included in segment result but reviewed by the Board:								
Elimination of intersegment profits	-	-	(3,023,995)	(2,395,784)	(29,480)	(110,687)	(3,053,475)	(2,506,471)
Depreciation and amortisation	(2,415,195)	(2,252,026)	(438,471)	(350,596)	(1,382,747)	(915,284)	(4,236,413)	(3,517,906)
<b>Net profit before tax from continuing operations</b>	<b>2,917,401</b>	<b>2,938,420</b>	<b>443,474</b>	<b>436,465</b>	<b>1,231,217</b>	<b>982,495</b>	<b>4,592,092</b>	<b>4,357,380</b>

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 6. Segment reporting (cont)

##### (ii) Segment assets

	Fixed wireless		Community broadband		Cloud Managed Services		Total	
	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2015 \$	30 June 2015 \$
<b>Segment assets</b>	30,477,411	22,686,577	4,655,877	2,347,170	6,647,413	4,582,684	41,780,701	29,616,431
Segment asset additions for the period:								
Capital expenditure	1,657,944	6,889,671	718,469	1,912,670	2,514,345	3,263,505	4,890,758	12,065,846
Acquisitions	-	507,560	8,365	-	130,843	344,604	139,208	852,164
Reconciliation of segment assets to group assets:								
Current tax assets	(1,629,162)	(520,123)	(6,134)	(6,134)	2,397,872	1,655,403	762,576	1,129,146
Deferred tax assets	-	528,221	-	5,315	-	(426,108)	-	107,428
Intangible assets	15,451,784	15,436,992	7,978,419	4,402,741	30,517,357	28,675,672	53,947,560	48,515,404
<b>Total group assets</b>	<b>45,957,977</b>	<b>45,528,897</b>	<b>13,354,996</b>	<b>8,661,762</b>	<b>42,207,830</b>	<b>38,095,760</b>	<b>101,520,803</b>	<b>92,286,419</b>

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

### Notes to the Financial Statements for the half-year ended 31 December 2015

#### 6. Segment reporting (cont)

##### (iii) Segment liabilities

	Fixed wireless		Community broadband		Cloud Managed Services		Total	
	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2015 \$	30 June 2015 \$	31 Dec 2015 \$	30 June 2015 \$
<b>Segment liabilities</b>	11,696,273	19,738,606	2,679,912	1,380,784	7,837,102	6,029,912	22,213,287	27,149,302
Reconciliation of segment liabilities to group liabilities:								
Other financial liabilities	30,974,812	18,656,992	-	-	343,640	476,808	31,318,452	19,133,800
Current tax liabilities	-	-	-	-	-	-	-	-
Deferred tax liabilities	(376,018)	-	(5,315)	-	745,542	-	364,209	-
<b>Total group liabilities</b>	<b>42,295,067</b>	<b>38,395,598</b>	<b>2,674,597</b>	<b>1,380,784</b>	<b>8,926,284</b>	<b>6,506,720</b>	<b>53,895,948</b>	<b>46,283,102</b>

#### 7. Contingent liabilities

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

#### 8. Dividends

During the second half of calendar 2015, BigAir declared and paid dividends of \$2,097,917 to its equity shareholders (second half of 2014: \$1,901,596). This represents a payment of \$0.011 per share. No dividends were paid on new shares issued in 2015 pursuant to the Group's share-based payment scheme.

# **BigAir Group Limited and Controlled Entities**

## **Interim financial report**

(ABN 57 098 572 626)

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### **Notes to the Financial Statements for the half-year ended 31 December 2015**

#### **9. Events subsequent to reporting date**

On 8 February 2016, there were 133,334 fully paid ordinary shares issued as a result of options exercised.

There have been no other events subsequent to reporting date.

# BigAir Group Limited and Controlled Entities

## Interim financial report

(ABN 57 098 572 626)

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### Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 8 to 28, are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Paul Tyler  
Non-Executive Chairman  
Director

Sydney, 26 February 2016