

Uniti Wireless Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Uniti Wireless Limited (UWL)
ABN:	73 158 957 889
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017 (unaudited)

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standards AASB 9 'Financial Instruments', AASB 15 'Revenue from Contracts with Customers' and AASB 16 'Leases' for the half-year ended 31 December 2018. The Accounting Standards have been applied retrospectively and comparatives have been restated, where applicable.

			\$'000
Revenues from ordinary activities	up	83% to	3,063
Loss from underlying ordinary activities after tax attributable to the owners of Uniti Wireless Limited	up	48.6% to	(3,131)
Loss for the half-year attributable to the owners of Uniti Wireless Limited	up	242.8% to	(7,222)

Dividends

	Amount per security Cents	Franked amount per security Cents
There was no dividend declared, or paid for the year ended 31 December 2018	0.0	0.0

Comments

The loss for the half year for the entity after providing for income tax and non-controlling interest amounted to \$7.2m (31 December 2017: loss \$2.1m).

The results are for Uniti Wireless Limited and include significant extraordinary and one-off costs relating to the purchase of FuzeNet Pty Ltd (completed 11th Feb 2019) and capital raising, completed 13th February 2019 resulting in the listing of the Consolidated Entity on the Australian Stock Exchange.

The following costs incurred during the half year in relation to transactions during the half year and subsequent to balance date are included in the result. The earnings contribution to the Consolidated Entity from the acquisition of FuzeNet will commence from the 1st February 2019.

Acquisition costs	362,520
IPO Expenses	388,504
Convertible Note Interest expense	91,555
Capital Raising settlement expense	675,000
Share Based Payments	2,226,020
Provisions for Impairment	<u>347,191</u>
Total	4,090,770

These once off costs represent the difference between the loss from ordinary activities and the loss attributable to owners.

The Company received a grant for \$750,000 that has been recorded as unearned income, this will be brought to account as revenue progressively as grant criteria are met.

Uniti Wireless Limited
Appendix 4D
Half-year report

There have been a number of significant events subsequent to Balance Date which resulted in the recognition of the once off costs.

- The Acquisition of FuzeNet Pty Ltd for a consideration of \$10.7M funded by cash and issued capital in the Company on 11th February 2019.
- A Capital Raising of \$13.2m and subsequent listing of the Company on the Australian Stock Exchange on the 13th February 2019.
- Prior to listing the Convertible Notes were classified as debt on the Statement of Financial Position, and subsequently converted to issued shares in the Company on listing.
- Prior to listing the Company granted fully paid shares and options to acquire shares in the Company to certain Directors and Executives requiring non-cash expense to be recorded. The Company also issued options at the time of listing to the Lead Manager under the Lead Manager mandate.
- On the 14th February, the CEO terminated the employment of Mr Che Metcalfe and Ms Sasha Baranikow, which as a result of the Company's constitution and their employment agreements resulted in them vacating the office of Director of the Consolidated Entity and its subsidiaries.

As a result of these activities the Company is in a much stronger position financially and well positioned for future growth.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.8)</u>	<u>8.5</u>

The Issued Capital of the Company at the end of the half year is 45,741,200 fully paid shares (31 December 2017 36,790,356 shares (on a post-split basis)). On the 26th November 2018 the company performed a share split, resulting in 15.1059917 share being issued for every 1 share previously.

4. Control gained over entities

Name of entities (or group of entities)	N/A
Date control gained	N/A

On the 11th February 2019, Uniti Wireless Limited completed the acquisition of 100% of the shares of FuzeNet Pty Ltd.

5. Loss of control over entities

Name of entities (or group of entities)	N/A
Date control lost	N/A

6. Details of associates and joint venture entities

Not Applicable

Uniti Wireless Limited
Appendix 4D
Half-year report

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Uniti Wireless Limited for the half-year ended 31 December 2018 is attached.

9. Signed

Signed



Date: 28 February 2019

Graeme Barclay
Chairman

Uniti Wireless Limited

ABN 73 158 957 889

Interim Report - 31 December 2018

Uniti Wireless Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements of Uniti Wireless Limited (referred to hereafter as the 'company') for the half-year ended 31 December 2018.

Directors

The following persons were directors of Uniti Wireless Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Graeme Barclay (appointed 20 September 2018) (Non-Executive Chairman)
John Lindsay (Non-Executive Director)
Kathryn Gramp (Non-Executive Director)
Che Metcalfe (ceased 14 February 2019) (Executive Director)
Sasha Baranikow (ceased 14 February 2019) (Executive Director)

Principal activities

The principal activity of the Company during the half year was the provision of broadband telecommunications services to consumer and business customers.

The Company recorded a loss for the half year after providing for income tax of \$7.2m (31 December 2017: loss \$2.1m).

The loss for the half year included significant extraordinary and one-off costs relating to the purchase of FuzeNet Pty Ltd (completed 11th Feb 2019) and the capital raising and listing of the Company on the Australian Stock Exchange on 13 February 2019.

The following costs were recorded in the half year:

Acquisition costs	362,520
IPO Expenses	388,504
Convertible Note Interest expense	91,555
Capital Raising settlement expense	675,000
Share Based Payments	2,226,020
Provision for Impairment	<u>347,191</u>
Total	4,090,770

The loss from ordinary activities (excluding the above one-off costs) and attributable to owners was \$3.13m (31 December 2017: \$2.11m).

The Company received \$750,000 of grant revenue during the half year from the South Australian Financing Authority. This has been recorded as unearned income, this will be brought to account as revenue progressively as grant criteria are met.

There have been a number of significant events subsequent to Balance Date which resulted in the recognition of the one-off costs.

- The Acquisition of FuzeNet Pty Ltd for a consideration of \$10.7M funded by cash and issued capital in the Company on 11th February 2019.
- A Capital Raising of \$13.2M and subsequent listing of the Company on the Australian Stock Exchange on the 13th February 2019.
- Prior to listing the Convertible Note classified as debt on the Balance Sheet was converted to issued shares in the Company.
- Prior to listing the Company granted fully paid shares and options to acquire shares in the Company to certain Directors and Executives requiring non-cash expense to be recorded. At the time of listing the Company issued options to the Lead Manager under the Lead Manager mandate.

Uniti Wireless Limited
Directors' report
31 December 2018

Significant changes in the state of affairs

On 11th February 2019 Uniti Wireless Limited, acquired 100% of the ordinary shares of FuzeNet Pty Ltd for the total consideration of \$10.7m. The acquisition consisted of a cash payment of \$9.2m (including a deposit paid in November 2018) and the issue of shares in the Uniti Wireless Limited for \$1.5m. FuzeNet is a Retail Internet Service Provider offering broadband telecommunication services to consumer and business customers across Australia primarily reselling existing fibre networks.

On the 13th February 2019 Uniti Wireless Limited listed on the Australian Stock Exchange, raising \$13.2m in the process and converting \$3m of convertible note debt to equity.

On the 14th February, the CEO terminated the employment of Mr Che Metcalfe and Ms Sasha Baranikow, which as a result of the Company's constitution and their employment agreements resulted in them ceasing as Directors of Uniti Wireless Limited.

There were no other significant changes in the state of affairs of the Company during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Graeme Barclay
Director

28 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Uniti Wireless Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Uniti Wireless Limited and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Jon Colquhoun'.

Jon Colquhoun
Director

Adelaide, South Australia
28 February 2019

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071
T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

Uniti Wireless Limited
Contents
31 December 2018

Consolidated Statement of profit or loss and other comprehensive income	5
Consolidated Statement of financial position	6
Consolidated Statement of changes in equity	7
Consolidated Statement of cash flows	8
Consolidated Notes to the financial statements	9
Directors' declaration	19
Independent auditor's review report to the members of Uniti Wireless Limited	20

General information

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

Uniti Wireless Limited is a listed public company limited by shares having listed on the ASX on the 13th February 2019 and is incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 1, 44 Currie Street
Adelaide SA 5000

Principal place of business

Level 1, 44 Currie Street
Adelaide SA 5000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

Uniti Wireless Limited
Consolidated Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		Consolidated	
	Note	31 Dec 2018	31 Dec 2017
		\$'000	\$'000
Revenue from continuing operations	2	3,063	1,677
Expenses			
Network and Hardware expense		(912)	(571)
Employee benefits expense	3	(4,668)	(1,191)
Promotional expense		(498)	(406)
Depreciation and amortisation expense	3	(1,105)	(946)
Professional Services expense		(1,523)	(38)
Other expense		(1,016)	(233)
Finance cost	3	(563)	(399)
Loss before income tax expense from continuing operations		(7,222)	(2,107)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(7,222)	(2,107)
Loss after income tax expense for the half-year		(7,222)	(2,107)
Other comprehensive income		-	-
Other comprehensive income for the half-year, net of tax		-	--
Total comprehensive income for the half-year		<u>(7,222)</u>	<u>(2,107)</u>
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Uniti Wireless Limited			
Basic earnings per share	21	(15.8)	(5.7)
Diluted earnings per share	21	(15.8)	(5.7)

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

Uniti Wireless Limited
Consolidated Statement of financial position
As at 31 December 2018

		Consolidated	
	Note	31 Dec 2018	30 Jun 2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	4	1,021	847
Trade and other receivables	5	426	619
Deposits and Prepayments	6	2,121	209
Inventories		40	13
Total current assets		<u>3,608</u>	<u>1,688</u>
Non-current assets			
Property, plant and equipment	7	6,416	5,082
Intangible Assets	8	289	216
Right of Use Asset	9	7,337	7,892
Total non-current assets		<u>14,042</u>	<u>13,190</u>
Total assets		<u>17,650</u>	<u>14,878</u>
Liabilities			
Current liabilities			
Trade and other payables		1,718	1,325
Borrowings	11	4,887	1,233
Customer Contract liabilities		130	131
Provisions	10	480	339
Unearned Income		135	-
Total current liabilities		<u>7,350</u>	<u>3,028</u>
Non-current liabilities			
Borrowings	12	10,151	8,042
Customer Contract liabilities		412	437
Provisions	10	109	37
Unearned Income		615	-
Total non-current liabilities		<u>11,287</u>	<u>8,516</u>
Total liabilities		<u>18,637</u>	<u>11,544</u>
Net assets / (Liabilities)		<u>(987)</u>	<u>3,334</u>
Equity			
Issued capital	13	12,582	11,907
Reserves	14	2,226	-
Retained profits		(15,795)	(8,573)
Total equity		<u>(987)</u>	<u>3,334</u>

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

Uniti Wireless Limited
Consolidated Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital \$'000	Option Reserve \$'000	Share Based Payment Reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2017	5,377	-	-	(3,772)	1,605
Loss after income tax expense for the half-year	-	-	-	(2,107)	(2,107)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of Shares (Net of transaction costs)	2,420	-	-	-	2,420
Balance at 31 December 2017	<u>7,797</u>	<u>-</u>	<u>-</u>	<u>(5,879)</u>	<u>1,918</u>

Consolidated	Issued capital \$'000	Option Reserve \$'000	Share Based Payment Reserve \$'000	Retained Profits \$'000	Total equity \$'000
Balance at 1 July 2018	11,907	-	-	(8,573)	3,334
Loss after income tax expense for the half-year	-	-	-	(7,222)	(7,222)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	675	198	2,028	-	2,901
Issue of Shares (Net of transaction costs)	-	-	-	-	-
Balance at 31 December 2018	<u>12,582</u>	<u>198</u>	<u>2,028</u>	<u>(15,795)</u>	<u>(987)</u>

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

Uniti Wireless Limited
Consolidated Statement of cash flows
For the half-year ended 31 December 2018

	Consolidated	
Note	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,229	1,876
Payments to suppliers and employees (inclusive of GST)	(5,632)	(2,457)
	(2,403)	(581)
Interest received	10	-
Interest and other finance costs paid	(141)	(399)
Net cash from operating activities	(2,534)	(980)
Cash flows from investing activities		
Payments for intangible assets	(118)	(74)
Payments for investments	(1,500)	-
Payments for property, plant and equipment	(1,432)	(1,812)
Net cash used in investing activities	(3,050)	(1,886)
Cash flows from financing activities		
Proceeds from borrowings	3,000	240
Proceeds from Issue of Convertible Debt	2,938	-
Proceeds from Grant Received	750	-
Proceeds from Issue of Shares	-	2,420
Share Issue Costs incurred	(425)	-
Repayment of borrowings	(505)	(62)
Net cash used in financing activities	5,758	2,598
Net increase/(decrease) in cash and cash equivalents	174	(268)
Cash and cash equivalents at the beginning of the financial half-year	847	502
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial half-year	4 <u>1,021</u>	<u>234</u>

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

Uniti Wireless Limited
Consolidated Notes to the financial statements
31 December 2018

Note 1. Significant accounting policies

These general purpose interim financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX listing rules.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period and as disclosed in the replacement Prospectus issued 16th January 2019.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

Note 2. Revenue

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sale of goods	129	53
Rendering of services	2,924	1,624
	<u>3,053</u>	<u>1,677</u>
Other revenue – Interest Income	10	-
Revenue from continuing operations	<u>3,063</u>	<u>1,677</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major service lines. All revenue is derived in Australia and transferred to revenue over time.

Major Service Lines

Business Income	831	446
Enterprise Income	256	188
Residential Income	1,784	942
Other	182	101
Total Revenue from Customers	<u>3,053</u>	<u>1,677</u>

The contracts with customers are based on various plan options that can range from 0-36 months after which the customer can continue to receive the service without a need to enter into a new contract. The expected revenue from currently contracted customers, relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, has been determined using an assumption that the average customer will continue to use the service for a period of six years, which is significantly longer than the contracted term and is therefore not guaranteed to be the case. This represents expected revenue to be recognised for currently contracted customers on the assumption they meet the estimated term of six years.

	CY 2019	CY 2020	CY 2021	CY 2022 and beyond	Total
Wireless broadband service	6,123,927	6,107,405	5,918,410	10,920,319	29,070,061

Identification of reportable operating segments

The consolidated entity does not operate in specific segments.

Uniti Wireless Limited
Notes to the financial statements
31 December 2018

Note 3. Expenses

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	1,209	571
<i>Finance costs</i>		
Interest and finance charges paid/payable	91	71
Interest on Convertible Notes	92	-
Interest on Right of Use Assets	380	328
Sub Total	563	399
<i>Depreciation and Amortisation</i>		
Depreciation of Owned Assets	469	371
Amortisation of Right of Use Assets	636	575
Sub Total	1,105	946
<i>Employee Benefit expense</i>		
Wages and related on-costs	2,442	1,191
Share-based payment expense	2,226	-
Sub Total	4,668	1,191
<i>Acquisition expense</i>		
Cost associated with the acquisition of FuzeNet Pty Ltd	363	-
<i>IPO expense</i>		
Cost associated with the IPO of Uniti Wireless Limited	389	-
<i>Share-based payments expense</i>		
Share-based payments expense – advisor	675	-
<i>Provision for impairment</i>		
Inventories	10	-
Receivables	94	-
Restructuring	40	-
Motor Vehicles	57	-
Network Assets	135	-
Other	12	-
Sub Total	348	-

Uniti Wireless Limited
Notes to the financial statements
31 December 2018

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Cash at bank	1,021	847
	<u>1,021</u>	<u>847</u>

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Trade receivables	317	257
Less: Allowance for expected credit losses	(94)	-
	<u>223</u>	<u>257</u>
Other receivables	203	362
	<u>426</u>	<u>619</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$93,856 (31 Dec 2017: \$0) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2018. Provision created following the introduction of specific accounting policy.

Note 6. Current assets – other

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Prepayments	603	191
Security Deposits	1,518	18
	<u>2,121</u>	<u>209</u>

On the 26th November 2018, Uniti Wireless Limited signed a share sale agreement with the owners of FuzeNet Pty Ltd for 100% of the share capital of FuzeNet Pty Ltd. The Company paid a deposit of \$1.5m on the 28th November 2018, which was held in trust subject to the finalisation of conditions precedent and the completion of the acquisition of FuzeNet Pty Ltd.

Uniti Wireless Limited
Consolidated Notes to the financial statements
31 December 2018

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Leasehold improvements - at cost	216	205
Less: Accumulated depreciation	(56)	(36)
	<u>160</u>	<u>169</u>
Plant and equipment - at cost	594	586
Less: Accumulated depreciation	(321)	(243)
	<u>273</u>	<u>342</u>
Motor Vehicle - at cost	588	700
Less: Accumulated depreciation	(253)	(210)
	<u>335</u>	<u>490</u>
Network Infrastructure	6,854	5,442
Less: Accumulated depreciation	(1,206)	(871)
	<u>5,648</u>	<u>4,571</u>
	<u><u>6,416</u></u>	<u><u>5,572</u></u>

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Plant and equipment \$'000	Motor Vehicle \$'000	Network Infrastructure \$'000	Total \$'000
Balance at 1 July 2018	169	342	490	4,571	5,572
Additions	8	14		1,412	1,434
Disposals	-	(8)	(112)	-	(120)
Depreciation expense	(17)	(75)	(43)	(335)	(470)
Balance at 31 December 2018	<u>160</u>	<u>273</u>	<u>335</u>	<u>5,648</u>	<u>6,416</u>

Refer to note 15 for further information on fair value measurement.

Note 8. Non-current assets - intangibles

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Patents and trademarks - at cost	45	40
Less: Accumulated amortisation	-	-
	<u>45</u>	<u>40</u>
Software - at cost	379	272
Less: Accumulated amortisation	(135)	(96)
	<u>244</u>	<u>176</u>
	<u><u>289</u></u>	<u><u>216</u></u>

Uniti Wireless Limited
Consolidated Notes to the financial statements
31 December 2018

Reconciliations

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

Consolidated	Patents and trademarks \$'000	Software \$'000	Total \$'000
Balance at 1 July 2018	40	176	216
Additions	5	107	112
Amortisation expense	-	(39)	(39)
Balance at 31 December 2018	<u>45</u>	<u>244</u>	<u>289</u>

Note 9. Non-current assets – right of use assets

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Leasehold Buildings - at cost	2,094	2,129
Less: Accumulated depreciation	(672)	(523)
	<u>1,422</u>	<u>1,605</u>
Plant and equipment - at cost	130	130
Less: Accumulated depreciation	(53)	(42)
	<u>77</u>	<u>88</u>
Motor Vehicles - at cost	95	-
Less: Accumulated depreciation	(26)	-
	<u>69</u>	<u>-</u>
Network Infrastructure	6,943	6,560
Less: Accumulated depreciation	(1,174)	(851)
	<u>5,769</u>	<u>5,709</u>
	<u>7,337</u>	<u>7,402</u>

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Network Infrastructure \$'000	Total \$'000
Balance at 1 July 2018	1,605	88	-	5,709	7,402
Additions	54	-	95	381	530
Disposals	(89)	-	-	-	(89)
Depreciation expense	(148)	(11)	(26)	(321)	(506)
Balance at 31 December 2018	<u>1,422</u>	<u>77</u>	<u>69</u>	<u>5,769</u>	<u>7,337</u>

Uniti Wireless Limited
Consolidated Notes to the financial statements
31 December 2018

Note 10. Current Liability – provisions

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Current Liability		
Employee Benefits	263	339
Restructure	217	-
	<u>480</u>	<u>339</u>
Non-Current Liability		
Employee Benefits	109	37
Restructure	-	-
	<u>109</u>	<u>37</u>

The Company has identified a number of Network assets, Vehicle disposals, Office closures and Redundancies that have resulted in a restructuring provision as at 31 December 2018. The Network assets relate to underperforming sites where a decision has been made to relocate any existing customers and shut down the site.

Note 11. Current liabilities - borrowings

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Bank loans	1,021	209
Convertible Note	2,938	-
Lease liability	928	887
Other loans	-	137
	<u>4,887</u>	<u>1,233</u>

Note: Included in the current liability borrowings is \$3.0m of Convertible Notes, net of \$0.1m of interest accrued. Upon listing on the ASX (effective 13th February 2019) have been converted to Share Equity, in addition to the capital raised as part of the listing process.

Note 12. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Bank loans	2,101	15
Lease liability	8,050	8,027
	<u>10,151</u>	<u>8,042</u>

Uniti Wireless Limited
Consolidated Notes to the financial statements
31 December 2018

Note 13. Equity - issued capital

	Consolidated			
	31 Dec 2018 Shares	30 Jun 2018 Shares	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Ordinary shares - fully paid	<u>45,741,200</u>	<u>2,953,017</u>	<u>14,610</u>	<u>11,907</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2018	2,953,017		11,907
Issue of shares to advisor	7 September 2018	75,000	\$9.00	675
Share split (15.1059917 for 1), additional shares	7 December 2018	42,713,183		
Balance	31 December 2018	<u>45,741,200</u>		<u>12,582</u>

Note 14. Equity - reserves

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Share Based Payment Reserve	2,028	-
Option Reserve	198	-

The Company has recognised the above share based payment reserve and option reserve for Shares and Options to be issued to Directors and the CEO upon listing (which occurred on 13th February 2019).

	# of Shares	# of Options
Graeme Barclay – Non Executive Chairman	2,458,228	2,458,228
Kathy Gramp – Non Executive Director	307,279	921,835
John Lindsay – Non Executive Director	307,279	921,835
Che Metcalfe – Executive Director	676,013	553,101
Sasha Baranikow – Executive Director	676,013	553,101
Michael Simmons – Chief Executive Officer	<u>3,687,342</u>	<u>2,458,228</u>
Total	<u>8,112,154</u>	<u>7,866,328</u>

The Shares will be issued for nil consideration and have therefore been valued at the listing price of \$0.25 each.

The Options have been valued using a Black Scholes methodology based on spot (\$0.25), exercise price (various based on vesting dates), Risk Free rate (2.01%) and length of term to expiry. The total value of options issued upon listing is \$1.2m, the pro-rata expense in the period to 31st December 2018 is \$198k, the balance will be expensed over the vesting terms.

Note 15. Fair value measurement

a) Capital Risk Management

Management controls the capital of the group in order to ensure that the group can fund its operations and continue as a going concern.

The group's financial structure 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. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

b) Categories of Financial Instrument

	Consolidated 31 Dec 2018 \$'000	30 Jun 2018 \$'000
<i>Financial Asset</i>		
Loans and Receivables	426	619
Cash and Cash Equivalents	1,021	1847
<i>Financial Liabilities</i>		
<i>Financial Liabilities and amortised cost</i>		
Trade and Other Payables	1,935	1,325
Borrowings	15,039	9,275

c) Net fair value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the group approximates their carrying value.

d) Financial Risk management objectives

The group's financial instruments consist of deposits with banks, trade receivables and payables incurred in the normal course of operations. The group does not have any significant derivative financial instruments at 31 December 2018.

The senior executives of the group meet regularly to analyse interest rate exposure to determine if it is appropriate in the current economic climate.

e) Market Risk

The group's activities expose it primarily to the financial risk of changes in interest rates. The group analyses its risk by considering sensitivity interest rate exposures and determining the potential impact on its effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time. The group does not have a material market risk exposure.

f) Credit Risk Exposures

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group does not have a material credit risk exposure.

g) Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by monitoring forecast cash flows and ensuring that the group's operations are adequate to meet liabilities due.

Uniti Wireless Limited
Consolidated Notes to the financial statements
31 December 2018

Note 16. Contingent assets

There were no Contingent assets as at 31 December 2018.

Note 17. Contingent liabilities

There were no Contingent liabilities as at 31 December 2018

Note 18. Commitments

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
<i>Capital commitments</i>		
There were no capital commitments as at 31 December 2018	-	-
	<hr/> <hr/>	<hr/> <hr/>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	1,276	1,236
One to five years	4,787	4,639
Five years plus	<u>7,506</u>	<u>7,565</u>
Total commitment	13,569	13,440
Less: Future finance charges	<u>(4,591)</u>	<u>(4,526)</u>
Net commitment recognised as liabilities	<hr/> <hr/> <u>8,978</u>	<hr/> <hr/> <u>8,914</u>
Representing:		
Lease liability - current (note 10)	928	887
Lease liability - non-current (note 12)	<u>8,050</u>	<u>8,027</u>
	<hr/> <hr/> <u>8,978</u>	<hr/> <hr/> <u>8,914</u>

Note 19. Related party transactions

Uniti Wireless Limited has a contractual agreement for a number of tower network leases in the ordinary course of business, on commercial terms and at market rates with Axicom Pty Ltd, which is a Director related entity (Graeme Barclay). Uniti Wireless spent \$375k with Axicom during the half-year and owed \$173k as at 31 December 2018 recorded in trade and other payables.

Uniti Wireless spent \$20k with BSA Limited during the half-year, on commercial terms and at market rates, which is a Director related entity (Graeme Barclay).

Uniti Wireless Limited
Notes to the financial statements
31 December 2018

Note 20. Events after the reporting period

There have been a number of significant events subsequent to Balance Date

- The Acquisition of FuzeNet Pty Ltd for a consideration of \$10.7M funded by cash and issued capital in the Company on 11th February 2019.
- A Capital Raising of approximately \$13.2M and subsequent listing of the Company on the Australian Stock Exchange on the 13th February 2019.
- Prior to listing the Convertible Note classified as debt on the Balance Sheet was converted to issued shares in the Company.
- Prior to listing the Company issued fully paid shares and options to acquire shares in the Company to certain Directors and Executives requiring non-cash expense to be recorded
- On the 14th February, the CEO terminated the employment of Mr Che Metcalfe and Ms Sasha Baranikow, which as a result of the Company's constitution and their employment agreements resulted in them ceasing as Directors of Uniti Wireless Limited.

Note 21. Earnings per share

	Cents	Cents
Basic earnings per share	(15.8)	(5.7)
Diluted earnings per share	(15.8)	(5.7)
	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
<i>Earnings per share for profit</i>		
Loss after income tax	(7,222)	(2,107)
Loss after income tax attributable to the owners of Uniti Wireless Limited	<u>(7,222)</u>	<u>(2,107)</u>
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	45,741,200	36,790,356
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>45,741,200</u>	<u>36,790,356</u>

On the 28th November 2018, Uniti Wireless processed a share split providing 15.1059917 shares for every 1 share previously held. The 31 Dec 2017 shares used represent the shares on issue at the time adjusted for the share split for comparison.

A Share and Option package was approved on the 26th October 2018, EGM, however as they were not issued to Directors and the CEO until after 31 December 2018, they have not been included in the above calculation.

Uniti Wireless Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Graeme Barclay
Director

28 February 2019

Independent auditor's review report to the members of Uniti Wireless Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Uniti Wireless Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Uniti Wireless 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 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of Uniti Wireless 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

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 have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
28 February 2019



Jon Colquhoun
Director