

**Superloop Limited ABN 96 169 263 094**  
**Appendix 4E (ASX Listing Rule 4.3A)**  
**Preliminary Final Report**

## Results for announcement to the market

For the year 1 July 2015 to 30 June 2016  
(previous corresponding period 28 April 2014 to 30 June 2015)

### SUMMARY OF FINANCIAL INFORMATION

	30 June 2016 \$	Change \$	Change %
Revenue from ordinary activities	6,994,370	Up 6,987,154	+100%
Loss from ordinary activities after income tax for the year attributable to members	(7,164,110)	Down 5,970,667	+500%
Loss after income tax attributable to members	(7,164,110)	Down 5,970,667	+500%

### Dividends

No dividend has been proposed or declared for the year ended 30 June 2016.

### Explanation of revenue

Superloop's core networks in Australia and Singapore went live during the first half of the year with the Group generating its first revenue from customers. Total revenue and gains from transactions with customers for the year ended 30 June 2016 was \$6,994,370 and includes revenue from the operations of APEXN Pty Ltd (acquired 16 October 2015) and CINENET Systems Pty Ltd (acquired 30 November 2015).

Other revenue from interest income on deposits held was \$51,116.

Superloop is continuing the strategic expansion of its fibre networks in Australia, Singapore and Hong Kong as well as expanding its connectivity offerings to customers by providing layer 2 products including ethernet backhaul, wavelength and ethernet access services. APEXN Pty Ltd and CINENET Systems Pty Ltd will continue to generate revenue from existing operations.

### Explanation of profit/(loss) from ordinary activities after tax

Profit after direct network costs for the year was \$1,930,564, with revenue and gains from transactions with customers of \$6,994,370 offset by direct network costs of \$5,063,806. Operating expenses for the year were \$7,567,571 which includes employee expenses (\$4,168,141), professional services (\$1,312,789) including the shared services the Group procured during the period, and office and administration expenses (\$1,764,748). Depreciation and amortisation expense was \$1,881,969 for the year, which increased over the year as network assets were completed and placed into operation.

### Net Tangible Assets

	30 June 2016	30 June 2015
Net tangible assets per ordinary share	\$0.84	\$0.55

The number of Superloop ordinary shares on issue at 30 June 2016 was 128,243,301.

### Addition Information

Additional Appendix 4E Disclosures can be found in the attached audited Financial Report.



# SUPERLOOP ANNUAL REPORT 2016



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# Report from Executive Chairman / Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors of Superloop Limited, it is my pleasure to present our second Annual Report.

Having worked in the telecommunications industry for many years and having built several successful telecommunications businesses, I am excited by the opportunities I see for Superloop. The industry within which we operate has strong structural growth drivers. We expect to benefit from the growth in transmission and storage of data including increased bandwidth requirements from the rise in cloud computing, video on demand and the increase in internet connected devices. The Asia Pacific region is predicted to overtake North America as the largest generator of cloud traffic in the world and Hong Kong and Singapore have become the established hubs for data centres and international submarine cable capacity in the region.

The past financial year to 30 June 2016, our first full year as a listed entity, has seen significant growth and accelerating development in the organisation. We have expanded the Group through the acquisition of two strategic, profitable and growing businesses, APEXnetworks and CINENET Systems, launched fibre optic networks in Australia and Singapore, commenced the construction of our network in Hong Kong and achieved a number of sales and product milestones.

For the year to 30 June 2016, we have achieved the following significant outcomes:

- Booked revenue and gains from customers of \$7.0 million
- Achieved gross profit break-even in Australia and Singapore
- Increased customer base to 160 active customers
- Installed over 190 km of fibre, taking total installed fibre to 378 km
- Connected 15 additional data centres and cable landing stations, with 52 on-net at 30 June 2016
- Connected 19 additional enterprise buildings, with 22 on-net at 30 June 2016
- Signed additional contracted recurring revenue of over \$10 million, taking the contracted revenue base to over \$11.9 million
- Grown unweighted sales pipeline to over \$41.0m of new client opportunities.

With our Australian and Singapore networks live from October 2015, we have already started to generate initial returns on our investment. Pleasingly, we have seen exceptional optical performance on our Singapore network and to date have delivered network services that have exceeded International Telegraph Union Telecommunication Standardization Sector (ITU.T) specifications, enabling customers to leverage the advantages of our state of the art, low loss and low latency solutions.

We continue to invest in the expansion of our networks where customer demand exists. In Singapore, we are adding strategic locations to the network including the Singapore Exchange, iO and NTT data centres, with pre-committed orders ensuring the expanded loop will be profitable and will generate high annual gross yield at very low utilisation levels. As utilisation increases, additional revenue translates directly to increased margin and yield.

In addition, as the Company owns its duct network in Singapore which has significant spare capacity available, Superloop has the ability to substantially expand available capacity in the future by installing additional fibre cables, at significantly lower incremental cost than the initial investment.

We are looking forward to the launch of our network in Hong Kong where Superloop is building a significant asset. Currently expected to be practically completed by December 2016, the initial network of 110 kilometres will connect the first 30 strategic data centre and enterprise buildings.

Our network traverses the major business, financial and technology districts of Hong Kong and will be significantly enhanced when Superloop completes TKO Express, our new domestic submarine cable providing the most direct and lowest latency path between our core network in the data centre campuses of Chai Wan (on Hong Kong Island) and Tseung Kwan O (TKO) Industrial Estate tech hub on the mainland. TKO Industrial Estate is the new major hub for financial, media, technology and data centre companies in Hong Kong with 13 data centres existing or under construction, including the Hong Kong Stock Exchange data centre. TKO is also becoming a major hub for submarine cable landing stations providing direct access to international internet connectivity.

Across the Asia Pacific region, we are building our own dedicated networks, offering customers the latest low-loss fibre technology designed for terabit network connectivity requirements. This technology combined with a network designed and installed in the most direct paths between strategic locations allows for ultra-low latency connectivity, a feature important for many enterprise and financial clients. With the development of two new layer 2 products (Wavelength and Ethernet Backhaul) Superloop now provides more flexible solutions to our customer base.

Over the past 12 months the Group successfully completed and integrated two strategic acquisitions adding customers, revenue, intellectual property, network capability and talent.

The acquisition of APEXnetworks has allowed Superloop to rapidly deploy a managed services capability for our wholesale and channel customers via APEXN's IT and product platforms. APEXN's platform incorporates service qualification tools as well as systems to manage ordering, provisioning, billing, support and network management. This platform becomes more valuable as Superloop expands its operations further across Singapore and Hong Kong.

The acquisition of CINENET Systems has provided Superloop an opportunity to quickly extend our network capabilities into the fast-growing digital media vertical, bringing a specialised high-speed network that interconnects media businesses in Brisbane, Sydney, Melbourne, Adelaide and Los Angeles via dedicated international capacity. CINENET expands our customer base to include a broad portfolio of screen and broadcast media customers and provides a platform for further expansion into the vertical across the Asia Pacific region.

After raising \$17.5 million at IPO, we have raised further equity capital of \$84.6 million (before costs) to fund strategic expansion opportunities. At 30 June 2016, we held cash and term deposits of \$45.9 million, sufficient funds for upcoming planned projects.

In February of this year, I was appointed as the Company's Interim Chief Executive Officer, allowing our previous CEO, Mr Daniel Abrahams, to focus on the execution of company critical infrastructure projects including the completion of our Hong Kong network, the construction of the TKO Express submarine cable and the expansion of our Singapore network to meet customer requirements. As Chief Executive, Daniel led the Group through the IPO process and oversaw the completion of the Singapore and Australian networks. He has recently stated that he will not be standing for re-election as a Director at our upcoming 2016 Annual General Meeting so I take this opportunity to thank him for his tremendous contribution in leading Superloop and for his stewardship as a fellow board member. I look forward to his continued involvement in his executive capacity as the Group's Chief Infrastructure Officer.

During the year we strengthened our executive team in order to support the rollout and continued rapid growth of Superloop, appointing:

- Steve Bond as General Manager, Sales and Marketing. He is a former IBM executive with significant experience in building and leading technology businesses in the Asia Pacific region
- Paul Jobbins as General Manager, Corporate and Strategy. He has previously worked in senior executive roles with several ASX listed companies including NEXTDC Limited, Reverse Corp Limited and Sunshine Gas Limited
- Ryan Crouch (Co-founder of APEXN) as Chief Technology Officer
- Matthew Gregg (Co-founder of APEXN) as General Manager, Customer Experience

Through the acquisition of APEXnetworks in October 2015, Ryan and Matthew joined our executive team. Both have developed and grown a successful telecommunications business with a broad customer base and a sophisticated and robust technology platform.

Looking ahead, Superloop is on track to complete the construction of its Hong Kong network by December 2016, and Hong Kong's TKO Express submarine cable by January 2017. Throughout the 2017 financial year and beyond, we will continue to invest in our networks in Singapore and Hong Kong by adding strategic sites to meet customer demand.

With the integration of APEXnetworks and CINENET complete, each acquisition will bring further benefits across the Group in terms of revenue growth, product offering and systems capabilities. The management team is focussed on the execution of key strategic sales opportunities and the continued development of products, leveraging our established infrastructure to achieve EBITDA breakeven as quickly as possible.

With expanding networks in place across Australia, Singapore and Hong Kong, the Group will have established a platform to leverage our core infrastructure assets and drive further growth and customer acquisition. Superloop continues to pursue its vision to become a leading independent owner and provider of connectivity services in the Asia Pacific region.

The 2016 financial year has been challenging and rewarding for the Superloop Team. I would like to thank my fellow Board members and all of those on the Superloop team for their dedication and effort.

Lastly, I would like to express my gratitude to our shareholders for your ongoing support of the Company. We hope that you are able to join us at the 2016 Annual General Meeting.



**Bevan Slattery**  
Executive Chairman/Chief Executive Officer  
Superloop Limited

29 August 2016

# Business Overview

## Vision Statement

**“To become the leading independent provider of connectivity services across the Asia Pacific Region”**

Superloop's Dark Fibre infrastructure is highly scalable and generates a high return on investment.

High return  
on investment

Highly scalable  
infrastructure

Networks  
break-even at  
low utilisation

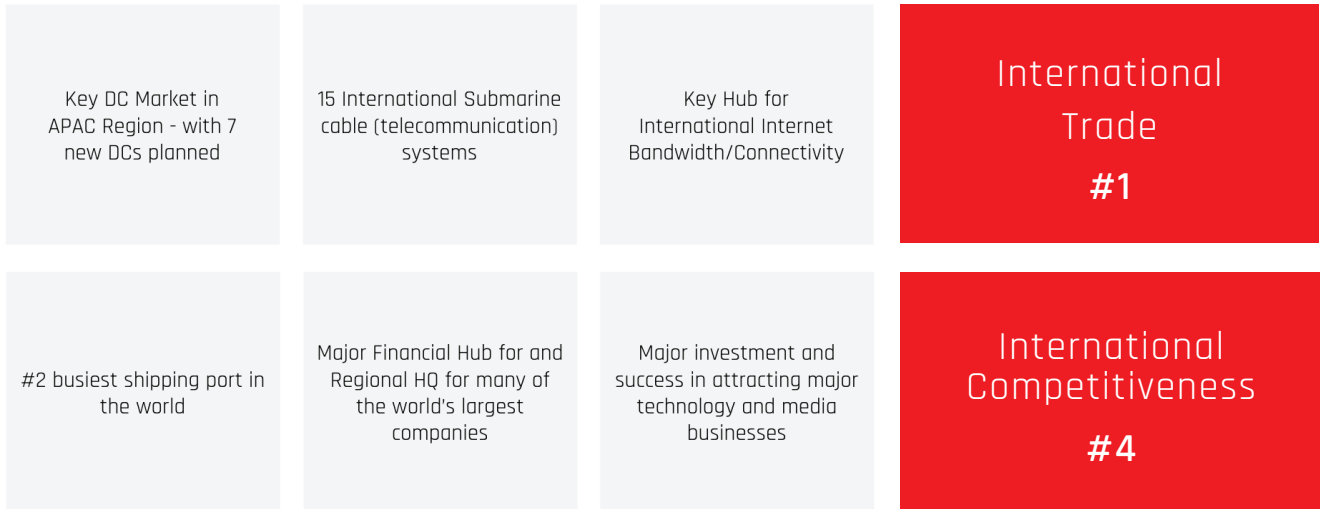
Low risk  
of customer  
churn

Strong  
management  
team

Valuable  
infrastructure  
assets created

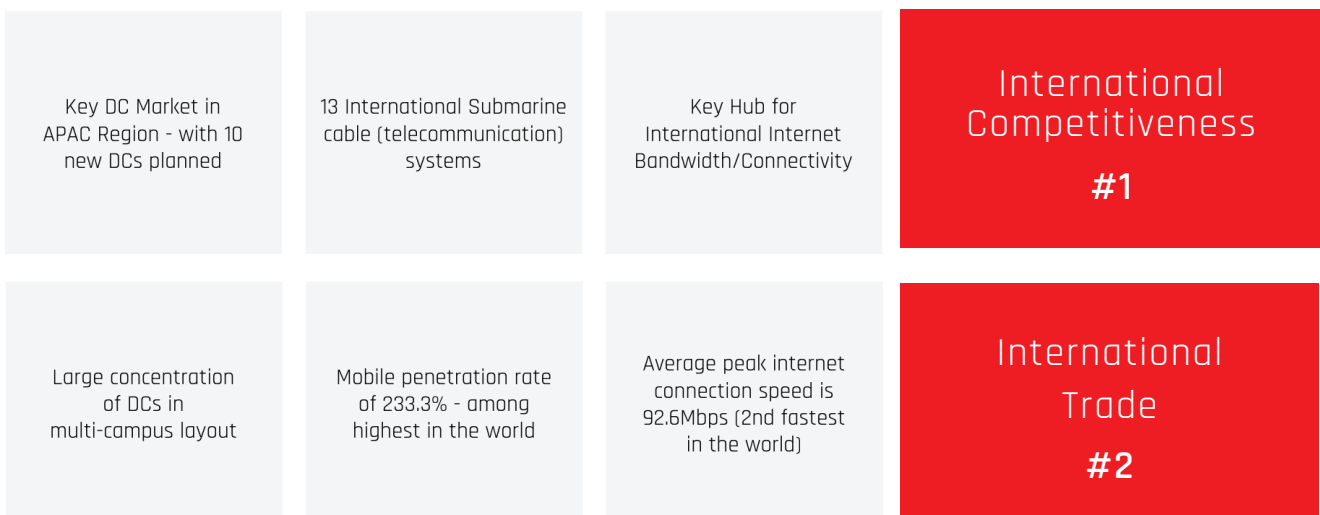
## Why Singapore

Singapore is home to more than 80 of the top 100 software and services companies. Many of them, including the top 15 software companies, have regional or Asia Pacific headquarters in the region. As a major global data management hub it features 15 international submarine cable systems and >50% of commercial carrier & carrier neutral data centre space in South East Asia. 136 km of Superloop fibre is installed and 10 data centres and 14 strategic commercial enterprise buildings are now connected.



## Why Hong Kong

As one of the world's leading international financial centres and densely populated, enterprise-rich regions, Hong Kong is an ideal target for high density fibre optic cable deployment. The Hong Kong Stock Exchange is the seventh largest in the world and manages approximately 22% of all global IPOs, making it the largest centre of IPOs in the world. Hong Kong has recently overtaken Singapore as number one for international competitiveness and ranked number five for 'ease of doing business' by World Bank Group in 2016.



Hong Kong will represent Superloop's largest deployment to date. The network is established in campuses to allow for short-paths and diversity between local clusters of facilities and buildings, connected together with a diverse ring backbone. Hong Kong is Superloop's newest network with construction expected to be completed by December 2016.

# Expansion Through Strategic Acquisitions

Superloop completed the acquisition of two significant businesses, APEXnetworks and CINENET Systems, which have been completely integrated into current operations. The acquisitions of these profitable and growing businesses has expanded our capabilities, added customers, revenue, intellectual property and talent to the Superloop group.

The acquisition of APEXnetworks has allowed Superloop to rapidly deploy a managed services capability for our wholesale and channel customers via APEXN's IT and product platforms. The acquisition of CINENET expands our customer base to include a broad portfolio of screen and broadcast media customers and provides a platform for further expansion into the vertical across the Asia Pacific region.

## Superloop's Competitive Advantage

- The most advanced fibre technology with the lowest latency offering a multi jurisdiction, single global MSA
- Market leading service level agreements
- Superloop's own dedicated network with diversity
- Customer centric focus – flexibility to build customer dedicated solutions quickly
- Superior customer experience: "360" customer provisioning + network management portal
- An agile network with the shortest routes, designed specifically for our customers

## Products

We have expanded our product set with the launch of two new layer 2 products over our fibre Wavelength and Ethernet Backhaul. These products offer customers different networking solutions that are tailored to their needs. The Superloop team are continuing the development of additional products including Metro Ethernet Access and Superloop 360 for network management.



Superloop owns a secure duct and fibre optic cable network in Singapore. When capacity on the initial cable approaches saturation, the incremental cost to increase capacity with an additional cable through Superloop's duct network is significantly lower than the initial investment including the duct.



Superloop is the only operator to connect the traditional carrier hotels located in Chai Wan (Hong Kong Island) and the data centre campus located at Hong Kong Science and Technology Park's Tseung Kwan O Industrial Estate, providing much needed physical diversity and a lowest latency path between Hong Kong's major finance and technology hubs.



Superloop offers the most direct routes while connecting many strategic locations at competitive pricing. Customers select Superloop for the experienced team, path diversity and level of service.



# DIRECTORS'

## Report

The Directors present their report on the consolidated entity (referred to hereafter as 'Superloop' or 'the Group') consisting of Superloop Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

The Directors present their report on the consolidated entity (referred to hereafter as 'Superloop' or 'the Group') consisting of Superloop Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Superloop Limited was incorporated on 28 April 2014 and gained admission to the ASX on 4 June 2015. This report covers the year ending 30 June 2016. The prior period in these financial statements covers the period 28 April 2014 to 30 June 2015 as it was the first reporting period for the Group.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## DIRECTORS

The following persons were Directors of the Group during the year:

- Bevan Slattery
- Daniel Abrahams
- Greg Baynton
- Louise Bolger
- Michael Malone
- Richard Clark (appointed 23 December 2015)

Directors have been in office since the start of the financial year to the date of this report unless stated otherwise.

## PRINCIPAL ACTIVITIES

The Superloop Group is a leading independent provider of connectivity services in the Asia Pacific region. During the year, the principal activities of the Group consisted of the development and operation of independent dark fibre telecommunications infrastructure throughout the Asia Pacific region. Following the Group's recent acquisitions, principal activities now extend to the provision of complete high-performance network solutions capability.

## REVIEW OF OPERATIONS

During the year, Superloop continued to build upon the foundations established that will enable it to become a leading provider of connectivity services in the Asia Pacific region. Specific achievements over the past year include:

- Completing the networks in Melbourne, Brisbane, Sydney and the construction of the initial 117km fibre optic network in Singapore;
- Provisioning the first customer services on the Australian and Singapore networks;
- Launching Project Red Lion, an initiative to extend the Singapore network to some of Singapore's most strategic commercial buildings, with 14 buildings connected at year end and 21 buildings at the date of this report;
- Completing the acquisition of APEXN Pty Ltd, which provides networking solutions and managed services focused on supporting wholesale and channel partners;
- Completing the acquisition of CINENET Systems Pty Ltd, which operates a specialised high-speed international data network catering specifically for the needs of screen and broadcast media industries;

- Integration of APEXN, CINENET and Superloop to realise the synergy benefits that were targeted by the Group;
- The continued expansion of the Singapore network, driven by both strategic opportunities as well as customer demand for services, with approximately 136km of fibre installed and 10 data centres and cable landing stations connected to the network at year end;
- Entered into an agreement to establish a 110km fibre optic network and operations in Hong Kong, with the Group holding a 25 year indefeasible right of use over the infrastructure, with two (2) further five (5) year options to extend the length of the agreement;
- Announced TKO Express, a new domestic submarine cable crossing project to provide a new low-latency and fully diverse route between Hong Kong Island and the TKO Industrial Estate; and
- Launched new product initiatives including Superloop Wavelength and Superloop Ethernet Backhaul.

## FINANCIAL PERFORMANCE AND POSITION

As at 30 June 2016, the Group had net assets of \$119.7m (FY15 \$53.8m). The Group made an operating loss before tax of \$7.2m for the year, consistent with the early stage of the Group's development.

Revenue and gains from transactions with customers for the year was \$7.0m, including a gain on sale of a small number of fibre cores. Superloop's core networks in Australia and Singapore went live during the first half of the year and commenced generating revenue from customers. The Group also completed the acquisitions of APEXN and CINENET Systems in the first half. Revenue in the second half grew by 160% compared to the first half of the year.

Profit after direct network operating expenses for the year was \$1.9m. Both the Australian and Singapore networks grew revenue over the year and as a result both networks are now operating on a positive basis with customer revenue exceeding direct network costs.

The Group made an operating loss before tax of \$7.2m, with an underlying EBITDA loss of \$5.6m, which is consistent with the early stage of the Group's development. Operating expenses for the year were \$7.6m, largely made up employee expenses of \$4.2m, office and administrative expenses of \$1.8m, and professional fees of \$1.3m.

Depreciation and amortisation was \$1.9m for the year, which increased over the year as network assets were completed and placed into operation, and includes the depreciation of the network assets \$1.2m and amortisation of the Group's IRU's of \$0.3m.

The Company also realised foreign exchange gains of \$0.4m during the year.

# Directors' Report

At 30 June 2016, the Group had \$45.9m in cash and cash equivalents. The primary assets of the Group are property, plant and equipment of \$66.9m including network infrastructure assets of \$39.6m. Also included in property, plant and equipment is capital work in progress of \$27.0m, which includes the Group's progress towards the completion of the Hong Kong Network, as well as other network expansion projects currently underway in Singapore.

The Group had intangible assets of \$12.4m which includes the value of the Group's Australian IRU contracts of \$4.2m, software assets obtained through the acquisition of APEXN Pty Ltd of \$1.6m and goodwill arising from business combinations of \$6.0m.

## FUNDING

As at 30 June 2016, the Group was funded via equity contributions from shareholders (refer note 21), with no interest bearing debt.

The Group undertook two capital raisings during the year.

The first capital raising occurred during December 2015 via a share placement and share purchase plan, which raised \$49.4m in additional shareholder capital to principally fund the investment in the Hong Kong network and the next phase of Project Red Lion in Singapore.

The second capital raising was undertaken in June 2016 via an entitlement offer, raising \$35.3m (with the retail component of \$12.8m completed in July 2016), principally to provide funding for the TKO Express project in Hong Kong, expansion in Hong Kong to connect the network to additional buildings, Singapore network expansion including the IO/SGX loop, further expansion of project Red Lion in Singapore, other customer led expansion and general working capital.

## BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

Superloop intends to :

- Complete the installation of the Hong Kong core network and TKO Express submarine cable (subject to final regulatory approval);
- Expand access networks to major commercial buildings in Singapore and Hong Kong;
- Execute key strategic sales opportunities in each market to leverage the current strategic network assets;
- Increase product development that leverages existing infrastructure and relationships for a greater share of wallet;
- Continue to evaluate new markets and potential acquisitions that the Company believes are of strategic value;
- Focus on achieving EBITDA breakeven as quickly as possible;
- Review alternate funding sources for future network expansion and possible M&A activity; and
- Deliver further transaction synergies from APEXN and CINENET acquisitions.

## BUSINESS RISKS

The material business risks faced by the Group that are likely to have an effect on its financial prospects include:

- **CUSTOMER DEMAND** – Superloop's growth strategy incorporates commitment of substantial operational and financial resources to design, construct and maintain fibre optic telecommunications infrastructure and to expand existing infrastructure. Development or expansion of dark fibre networks does not necessarily require commitments from customers prior to commencement, and as such, sufficient demand may not exist post-completion. A lack of customer demand, or oversupply of fibre optic telecommunications infrastructure in the market, could have negative implications on the Group's ability to achieve desired rates of return on investment, and have a material adverse effect on the growth prospects and/or financial position of the Group which may cause the Group to require further funding.
- **PLANNING, DEVELOPMENT AND CONSTRUCTION RISKS** – Any delay or unexpected costs associated with planning, construction and development activities may harm growth prospects, future operating results and financial conditions. Superloop requires access to both public and non-public spaces to install and deliver services. Superloop must negotiate access to areas that it cannot rely on its carrier powers to access. The terms of access may be such that the build is not economically viable (in the opinion of the Board and management) or access may not be able to be negotiated.
- **FUNDING** – Superloop's business is capital intensive in nature, and the continued growth of the Group relies on the acquisition and development of new fibre optic telecommunications infrastructure and ongoing maintenance of existing fibre optic telecommunications infrastructure. Superloop requires sufficient access to debt and equity capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder Superloop's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of the Group. Superloop's continued ability to implement its business plans effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future and/or be secured on reasonable commercial terms.
- **REGULATORY RISK** – There is a risk that Government Policy could directly affect the product offerings and competitive landscape, particularly in markets where the Government have significant investment in telecommunications assets. Superloop also requires certain licences to operate in its various jurisdictions and any modifications or cancellation of any of these licences may impact its ability to operate in that jurisdiction.
- **NETWORK DAMAGE** – Any accidental damage from civil works (cable cuts), intentional damage from vandalism or terrorism and acts of God such as earthquakes or other natural disasters may result in outages and damage to Superloop's network.
- **FOREIGN EXCHANGE RISK** – Superloop operates in foreign jurisdictions and as a result, fluctuations in applicable

exchange rates could have an impact on the financial position and performance of the Group.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs that occurred during the year include:

- The acquisition on 16 October 2015 of APEXN Pty Ltd which expanded the Group's solutions in Australia through the provision of networking solutions and managed services focused on supporting wholesale and channel partners;
- The acquisition of CINENET Systems Pty Ltd on 30 November 2015, which operates a specialised high-speed international data network catering specifically for the needs of screen and broadcast media industries;
- Expansion into Hong Kong via an agreement to establish a 110km fibre optic network and operations in Hong Kong, with the Group holding a 25 year indefeasible right of use over the infrastructure, with two (2) further five (5) year options to extend the length of the agreement;
- The development and launching of new product initiatives including Superloop Wavelength and Superloop Ethernet Backhaul.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

After balance date, on 13 July 2016, 725,814 options were issued under the Group's Executive Option Plan, consistent with the resolution approved by shareholders on 21 June 2016, and on 13 July 2016, 196,068 performance rights were issued under the Group's Employee Rights plan.

On 15 July 2016, the Group completed the retail component of the Entitlement Offer launched in June 2016, issuing an additional 6,109,637 shares for \$12,830,238.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The continued growth in transmission and storage of data should underpin a likely demand for services provided by the Company, including the Hong Kong network which is scheduled to be operational during FY17.

The Board continues to evaluate potential investment and network expansion opportunities in the Asia Pacific region, based on underlying market dynamics and customer demand for connectivity services.

## DIVIDENDS

Dividends were neither paid nor declared during the year.

## ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental laws.

## INDEMNIFICATION OF OFFICERS

The Group has entered into standard deeds of indemnity and insurance with the Directors. Pursuant to those deeds, the Group

has undertaken, consistent with the Corporations Act 2001, to indemnify each Director in certain circumstances and to maintain directors and officers insurance cover in favor of the Director for seven years after the Director has ceased to be a Director.

During the year, the Group paid a premium of \$37,381 (2015 \$33,118) to insure the directors and officers of the Group against a liability incurred as a director or officer, to the extent permitted by the Corporations Act 2001.

## NON-AUDIT SERVICES

The Group may decide to employ the auditor (Deloitte) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid during the year to the Group's external auditor, Deloitte Australia, for non-audit services are set out in note 26 to the financial statements.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants..

## PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

## ROUNDING OF AMOUNTS

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to 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 on page 29.

# Information on Directors



## BEVAN SLATTERY

Executive Chairman & Chief Executive Officer

**Appointed:** 28 April 2014

### EXPERIENCE AND EXPERTISE

Bevan Slattery is the Executive Chairman and CEO. Bevan has a background in building successful Australian IT and telecommunications companies and an earlier career in administration in local and state government.

Prior to establishing Superloop, Bevan founded Megaport in 2013 with the aim of becoming a global leader in the fast growing elastic interconnection services market. The Company successfully listed on the ASX in December 2015.

In 2010, Bevan founded NEXTDC, with a vision to become Australia's largest independent datacentre provider. As the inaugural CEO of NEXTDC, Bevan oversaw its listing on the ASX, overall design of its initial facilities and its initial facility rollout.

In 2002, Bevan co-founded PIPE Networks which grew to become Australia's largest Internet Exchange and Australia's third largest metropolitan fibre network provider with over 1,500km of fibre in 5 cities connecting 80 data centres, 250 Telstra exchanges and over 1000 buildings. In 2009, PIPE Networks completed construction of Pipe Pacific Cable 1 (PPC-1), a \$200 million submarine cable system linking Sydney to Guam. PIPE Networks was sold to TPG for an enterprise value of \$420m in May 2010.

Bevan holds a Master of Business Administration (Hon.) from Central Queensland University

### OTHER CURRENT ASX DIRECTORSHIPS

Bevan is a director on the Board of Swimming Australia Megaport Limited (ASX: MP1) – appointed 27 July 2015.

### FORMER ASX DIRECTORSHIPS

NEXTDC Limited (ASX:NXT) - resigned 30 October 2013  
Asia Pacific Data Centre Group Limited (ASX:AJD) - resigned 30 June 2014.

### SPECIAL RESPONSIBILITIES

- Chairman
- Member of the Remuneration and Nomination Committee

### INTERESTS IN SHARES AND OPTIONS

60,007,894 fully paid ordinary shares  
725,814 share options



## DANIEL ABRAHAMS

Executive Director & Chief Infrastructure Officer

**Appointed Executive Director:** 2 April 2015

### EXPERIENCE AND EXPERTISE

Daniel Abrahams is the Chief Infrastructure Officer of Superloop and is also an Executive Director.

Daniel was formerly the Vice President & Chief Risk Officer at Aurizon. Aurizon operates the world's largest coal supply chain in Central Queensland in addition to haulage interests in iron ore, bulk commodities and freight across Australia.

Daniel brings a strong commercial approach and expertise across strategy, finance, governance and risk management.

Daniel was the former Group Financial Controller at Energex responsible for the preparation of the annual audited accounts and commercial and financial advice. His prior roles with Suncorp in audit, risk and capital management equipped him with a strong focus on risk taking to generate returns for shareholders. He also worked at Toyota (Tsusho) for 5 years in a variety of roles, including as the Group's Business Review Manager and as part of the finance leadership team with APAC responsibilities.

Daniel completed a Bachelor of Business degree (Central Queensland University) and has completed the CPA Program and Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia. He has been conferred with FCPA and FGIA in recognition of his strong governance experience.

### OTHER CURRENT ASX DIRECTORSHIPS

Nil

### FORMER ASX DIRECTORSHIPS

Nil

### SPECIAL RESPONSIBILITIES

- Member of the Audit and Risk Committee

### INTERESTS IN SHARES AND OPTIONS

1,162,000 fully paid ordinary shares



## GREG BAYNTON

Independent Non-Executive Director

**Appointed:** 28 April 2014

### EXPERIENCE AND EXPERTISE

Greg Baynton is the founder and Managing Director of Orbit Capital, an investment and advisory company and holder of an Australian Financial Services Licence. He has a background in investment banking, infrastructure investment, and new projects and has experience in IPOs and other capital raisings, mergers and acquisitions, investor relations and corporate governance.

He has considerable experience as a director of ASX-listed companies. Among those, Greg is a former Director of Asia Pacific Data Centre Limited, NEXTDC and of PIPE Networks.

Greg holds a Master of Business Administration (QUT), a Master of Economic Studies (UQ), a Postgraduate Diploma in Applied Finance & Investment (SIA), and Bachelor of Business (Accountancy).

### OTHER CURRENT ASX DIRECTORSHIPS

Graphitecorp Limited (ASX:GRA) – appointed 05 April 2012

### FORMER ASX DIRECTORSHIPS

COALBANK LIMITED (ASX:CBQ) – resigned 22 November 2013  
Asia Pacific Data Centre Group Limited (ASX:AJD) – resigned 04 February 2015

NEXTDC Limited (ASX:NXT) – resigned 30 April 2014

Lambo Resources Limited (ASX:LMB) – resigned 11 September 2014

### SPECIAL RESPONSIBILITIES

- Chair of the Audit and Risk Committee
- Member of the Remuneration and Nomination Committee

### INTERESTS IN SHARES AND OPTIONS

812,331 fully paid ordinary shares



## LOUISE BOLGER

Independent Non-Executive Director

**Appointed:** 27 April 2015

### EXPERIENCE AND EXPERTISE

Louise Bolger is an experienced in-house telecommunications, media and technology lawyer and company secretary.

Currently Louise is General Counsel and Company Secretary for the ASX listed pre-paid cards issuer Emerchants Limited, and prior to that was General Counsel and Company Secretary at Southern Cross Media Group Limited and PIPE Networks.

Louise commenced her career in private legal practice before continuing on to in-house roles with Telstra, Logica and Bank of Queensland.

Louise holds a Bachelor of Laws (Hons) and a Bachelor of Arts (Modern Asian Studies) from Griffith University.

### OTHER CURRENT ASX DIRECTORSHIPS

Nil

### FORMER ASX DIRECTORSHIPS

Nil

### SPECIAL RESPONSIBILITIES

- Chair of the Remuneration and Nomination Committee

### INTERESTS IN SHARES AND OPTIONS

66,165 fully paid ordinary shares

# Information on Directors



## MICHAEL MALONE

Independent Non-Executive Director

**Appointed:** 27 April 2015

### EXPERIENCE AND EXPERTISE

Michael Malone is the former CEO of iiNet Limited, having founded the company in 1993. During his tenure, iiNet became the second largest broadband DSL ISP in Australia.

Michael has been recognised with a raft of industry accolades. In 2009 Michael was CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year in the CSIA's Australian Service Excellence Awards. Michael was named a finalist for WA Citizen of the Year and in 2011 he won the Ernst & Young Entrepreneur of the Year Award. In April 2016 Michael was appointed to the Board of NBN Co Limited.

### OTHER CURRENT ASX DIRECTORSHIPS

NBN Co Limited – appointed 20 April 2016  
Seven West Media Limited (ASX:SWM) - appointed 24 June 2015  
SpeedCast International Limited (ASX:SDA) – appointed 14 July 2014

### FORMER ASX DIRECTORSHIPS

iiNet Limited (ASX:IIN) – resigned 21 March 2014

### SPECIAL RESPONSIBILITIES

- Member of the Audit and Risk Committee

### INTERESTS IN SHARES AND OPTIONS

632,894 fully paid ordinary shares



## RICHARD ANTHONY (TONY) CLARK

Independent Non-Executive Director

**Appointed:** 23 December 2015

### EXPERIENCE AND EXPERTISE

Tony is an Emmy Award-winning Cinematographer as well as co-founder and Director of Rising Sun Pictures (RSP) and Cospective, and co-founder of CINENET Systems Pty Ltd.

Tony has a wealth of industry knowledge and experience in digital media. His credits as a VFX Supervisor for RSP include Alfonso Cuarón's Gravity, Pirates of the Caribbean: On Stranger Tides, The Sorcerer's Apprentice, The Last Mimzy, The Core and Harry Potter & the Goblet of Fire.

Tony is a 2010 recipient of an Academy Award for Scientific & Technical Achievement as creator of the remote collaboration tool cineSync. His deep understanding of digital film became the foundation for the technology spin-off Rising Sun Research (now Cospective).

Tony has served as a board member on the South Australian Film Corporation, is currently on the board of Ausfilm and is an active member of both AMPAS, the Academy of Motion Picture Arts, and Sciences and the Visual Effects Society.

### OTHER CURRENT ASX DIRECTORSHIPS

Nil

### FORMER ASX DIRECTORSHIPS

Nil

### SPECIAL RESPONSIBILITIES

Nil

### INTERESTS IN SHARES AND OPTIONS

396,343 fully paid ordinary shares

# Information on Company Officers



## **PAUL JOBBINS**

### **Joint Company Secretary**

Paul Jobbins is the Group's General Manager, Corporate and Strategy with responsibility for the Group's corporate functions including Finance, Legal, Talent and Culture and Investor Relations as well as driving the Group's corporate strategy.

Paul has previously worked in senior executive roles with several ASX listed companies including NEXTDC Limited, Reverse Corp Limited and Sunshine Gas Limited.

Paul holds a Bachelor of Business (Accountancy) from QUT, a Graduate Diploma in Applied Finance and Investments from Finsia, a Masters in Applied Finance from Macquarie University and is a Chartered Accountant.



## **GREGORY BRYANT**

### **Joint Company Secretary**

Gregory Bryant is the Chief Financial Officer of Superloop Limited.

Gregory is a senior finance executive with over 20 years experience in the financial services industry where he held several executive management positions including Chief Financial Officer for Suncorp Bank. Gregory has also worked in senior finance roles for AMP Bank, the Australian National Credit Union, and with a leading consultancy firm specialising in Asset & Liability management.

Gregory holds a Bachelor of Commerce (Accountancy Major) from the University of Wollongong, a Masters in Applied Finance from Macquarie University and is a CPA.



# Information on Directors

## MEETING OF DIRECTORS

The number of meetings of the Group's Board of Directors and of each board committee held during the year, and the number of meetings attended by each Director are as follows:

	Meetings of committees					
	Meetings of Directors		Audit and Risk Management		Remuneration and Nomination	
	A	B	A	B	A	B
Bevan Slattery	18	18	#N/A	#N/A	1	1
Daniel Abrahams	18	18	5	5	#N/A	#N/A
Greg Baynton	18	18	5	5	1	1
Louise Bolger	18	18	#N/A	#N/A	1	1
Michael Malone	14 <sup>(1)</sup>	18	5	5	#N/A	#N/A
Richard Clark	8	8	#N/A	#N/A	#N/A	#N/A

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

N/A = Not applicable. Not a member of the relevant committee

(1) A number of special meetings of Directors were held for items requiring specific approvals at short notice during the year, and as a result Mr. Malone was unable to attend some of these meetings.



# Remuneration Report

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The Remuneration Report, which forms part of the Directors' Report, sets out the remuneration arrangements for Directors and other Key Management Personnel (KMP) of Superloop for the year ended 30 June 2016 (FY16), and is prepared in accordance with section 300A of the Corporations Act 2001 (Corporations Act). The information in this report has been audited as required by section 308(3C) of the Corporations Act.

### MESSAGE FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

**Dear Shareholders,**

Welcome to the Superloop Group's Remuneration Report for 2016, for which we seek your support.

Superloop was listed on the Australian Securities Exchange in June 2015 with the 2016 year representing the Company's first full financial year as a listed entity. Throughout the year a number of strategically important milestones have been achieved.

Superloop's vision, to be "a leading independent provider of connectivity services across the Asia Pacific region", is designed to support the creation of long term shareholder value. Pivotal to Superloop's success in the execution of this vision is the ability to attract and retain appropriate people to lead the Company as we progress to being fully operational, and to help set the foundation for sustainable and long term growth. The Company is in the process of establishing a comprehensive remuneration policy, including at-risk short term and long term incentives, to support the Group's vision and strategy.

The role of the Remuneration and Nomination Committee is to assist the Board and make recommendations on remuneration and related policies and practices including the remuneration of senior management and non-executive Directors. A key principle which the Committee operates by is to ensure that the remuneration framework is transparent, competitive and reasonable. The Committee is overseeing the development of an appropriate remuneration policy designed to ensure alignment between shareholder returns and performance related remuneration, including designing a remuneration structure that ensures there is a direct link between remuneration and performance, both Company and individual, that is ultimately aligned to shareholder interest.

We welcome your feedback on the development of our remuneration practices and reporting. We thank you for your continued support and hope that you find this report useful.



Louise Bolger  
Chair - Remuneration and Nomination Committee  
Superloop Limited

## 1. THE PERSONS COVERED BY THIS REPORT

Key Management Personnel (“KMP”) include Directors of the Group and Senior Executives. The term “Senior Executives” refer to the Executive Chairman, CEO and those executives with responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

### NON-EXECUTIVE DIRECTORS

Name	Position
<b>Greg Baynton</b>	Independent Non-Executive Director Chair of the Audit and Risk Committee Member of the Remuneration and Nomination Committee
<b>Louise Bolger</b>	Independent Non-Executive Director Chair of the Remuneration and Nomination Committee
<b>Michael Malone</b>	Independent Non-Executive Director Member of the Audit and Risk Committee
<b>Richard Anthony Clark</b>	Independent Non-Executive Director

### SENIOR EXECUTIVES

Name	Position
<b>Bevan Slattery</b>	Executive Chairman Chief Executive Officer (CEO) Member of the Remuneration and Nomination Committee
<b>Daniel Abrahams</b>	Executive Director Chief Infrastructure Officer (CIO) Member of the Audit and Risk Committee
<b>Paul Jobbins</b>	General Manager, Corporate and Strategy Joint Company Secretary
<b>Steve Bond</b>	General Manager, Sales and Marketing
<b>Ryan Crouch</b>	Chief Technology Officer (CTO)
<b>Matthew Gregg</b>	General Manager, APEXNetworks and Customer Experience

Except as noted elsewhere in this report the named persons held their position for the whole financial year.

### CHANGES SINCE THE END OF THE REPORTING PERIOD

There have been no changes to Key Management Personnel since the end of the reporting period.

# Remuneration Report

## 2. OVERVIEW OF REMUNERATION GOVERNANCE FRAMEWORK

### 2.1 REMUNERATION AND NOMINATION COMMITTEE CHARTER

The purpose of the Committee is to assist the Board in the development and implementation of policies and practices in relation to the appointment and remuneration of senior management and non-executive Directors. This includes making recommendations to the Board about the appointment of new Directors (both executive and non-executive) and senior management.

The committee's functions include:

- development of criteria (including skills, qualifications and experience) for Board candidates;
- identification and consideration of possible candidates and recommendation to the Board;
- ensuring appropriate induction and continuing professional development programs are implemented for Directors;
- review of processes for succession planning for the Board, CEO and other senior executives;
- establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management;
- ensuring the performance of each Director, and of review and evaluation of market practices and trends on remuneration matters;
- recommendations to the Board about the Group's remuneration policies and procedures;
- oversight of the performance of senior management and non-executive Directors;
- recommendations to the Board about remuneration of senior management and non-executive Directors;
- reviewing the Group's reporting and disclosure practices in relation to the remuneration of Directors and senior executives.

Meetings are held at least once a year and more often as required.

A copy of the Committee's charter, which forms part of the Corporate Governance Charter, is available on Superloop's website at [www.superloop.com/investor](http://www.superloop.com/investor).

### 2.2 SECURITIES TRADING POLICY

A securities trading policy (Trading Policy) has been adopted by the Board to provide guidance to Directors, employees of Superloop, and other parties who may have access to price sensitive information, who may be contemplating dealing in Superloop's securities or the securities of entities with whom Superloop may have dealings.

The Trading Policy is designed to ensure that any trading in Superloop's securities is in accordance with the law. Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct. The Trading Policy is available on Superloop's website at [www.superloop.com/investor](http://www.superloop.com/investor).

## 3. DIRECTOR REMUNERATION

### 3.1 DIRECTOR REMUNERATION POLICY

Superloop's Director remuneration policy is to provide fair remuneration that is sufficient to attract and retain non-executive Directors with appropriate experience, knowledge, skills and judgment.

The Directors decide the total amount paid to each Director as remuneration for their services. Under the Listing Rules, the total amount paid to all non-executive Directors must not exceed in any financial year the amount fixed in a general meeting of Superloop. This amount is currently \$750,000. Non-executive Directors fees include base fees and fees for membership of board committees, and where relevant are inclusive of superannuation contributions.

Non-executive Directors may be paid such additional or special remuneration where a Director performs extra work or services which are not conducted in their capacity as a Director of Superloop.

Actual fees for non-executive Directors in FY16 were \$251,129 (FY15 \$24,583, paid from the Company's ASX listing date of 04 June 2015).

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

### 3.2 NON-EXECUTIVE DIRECTOR FEES

The current director fees per annum, including statutory superannuation, are:

Base Fees

▪ Chairman	\$75,000
▪ Non-executive Director	\$60,000
▪ Committee member	\$10,000

To preserve independence, non-executive Directors do not receive incentive or performance based remuneration.

Non-executive Directors are entitled to be reimbursed for travel and other expenses incurred while carrying out their duties as a director.

## 4. EXECUTIVE REMUNERATION

### 4.1 SENIOR EXECUTIVE REMUNERATION POLICY

Superloop's executive remuneration policy is under development, including the development of at-risk short term and long term incentives. As the policy is developed, Superloop will ensure that the remuneration framework will be transparent, competitive and reasonable. Development of an appropriate remuneration policy will strengthen the alignment between shareholder returns and performance related remuneration, ensuring that the final remuneration structure contains a direct link between remuneration and performance (both Company and individual) that is ultimately aligned to shareholder interest. The remuneration framework consists of three key components:

- Fixed remuneration
- Short term incentives
- Long term incentives

During the year, shareholders approved two long term incentive plans, being the Executive Option Plan and the Employee Rights Plan.

## 4.2 SHORT TERM INCENTIVE POLICY AND PROCEDURE

The Group has not yet implemented a formal short term incentive policy or scheme. However, certain individuals have individual performance incentives linked to specific strategic objectives.

## 4.3 LONG TERM INCENTIVE POLICY AND PROCEDURE

During the year, the shareholders approved two long term incentive plans. The objectives of the long term incentive plans are to:

- a. establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
- b. provide an incentive and reward for Eligible Participants for their contributions to the Company; and
- c. attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

The Company's Securities Trading Policy prohibits executives from entering into transactions which limit the economic risk related to equity-based remuneration schemes without written clearance.

## Employee Rights Plan

At the 2015 Annual General Meeting held on 24 November 2015, shareholders approved an Employee Rights Plan. The Directors are empowered to operate the Employee Rights Plan and grant Performance Rights to Eligible Participants in accordance with the Listing Rules and on the terms and conditions summarised in the plan.

The Board may offer any number of Performance Rights to an Eligible Participant on the terms the Board decides, subject to the Employee Rights Plan rules and any applicable law or the Listing Rules. An Offer is required to set out details such as the total number of Performance Rights being offered, the vesting date and vesting conditions, any disposal restrictions, and other terms attaching to the Performance Rights.

A Participant is not required to pay for the grant of any Performance Rights or the issue of Superloop Shares on vesting. Once the Performance Rights vest, the Participant will be issued Superloop Shares, unless Superloop decides to provide a cash payment in lieu of Superloop Shares. A Participant does not have the right to participate in dividends on Superloop Shares until Superloop Shares are issued after vesting of the Performance Rights. A Participant does not have the right to vote in respect of a Performance Right.

At 30 June 2016, no performance rights had been issued.

After balance date, on 13 July 2016, 196,068 performance rights were issued.

## Executive Option Plan

At a general meeting of shareholders held on 21 June 2016, shareholders approved an Executive Option Plan.

The Executive Option Plan is open for participation by Directors, executives and senior management. The Directors of Superloop believe an Executive Option Plan is an important part of a comprehensive remuneration strategy. The grant of options to participants under the Executive Option Plan further aligns the interests of the Company's senior management and shareholders and helps preserve the Company's cash funds.

The Directors are empowered to operate the Executive Option Plan and grant options to Eligible Participants in accordance with the Listing Rules and on the terms and conditions summarised in the Schedule. The Executive Option Plan is administered by the Board, which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions in addition to those set out in the plan.

All options are to be offered to Participants for no consideration. The offer must be in writing and specify, amongst other things, the number of options for which the Participants may accept, the year within which the options may be exercised and any conditions to be satisfied before exercise, the option expiry date (as determined by the Board) and the exercise year for the options.

The options shall lapse upon the earlier of the date specified by the Board or events contained in the Executive Option Plan rules, including termination of employment or resignation, redundancy, death or disablement.

At 30 June 2016, no options had been issued.

After balance date, on 13 July 2016, 725,814 options were issued, consistent with the resolution approved by shareholders on 21 June 2016

## 5. LOANS TO KEY MANAGEMENT PERSONNEL

Certain key management personnel were eligible to participate in a loan scheme provided by a related party to enable them to acquire shares as part of a private capital raising undertaken by the Group in FY15, prior to listing on the Australian Securities Exchange ("ASX"). The terms and conditions of the loan agreement are commercial in nature, including a market based interest rate. Under the terms and conditions of the loan agreement, if an employee resigns or leaves the Group before the end of the original loan term, the loan plus any accrued interest is repayable immediately. The loans are unsecured.

The Group does not guarantee or have any obligations with respect to the loan agreement between the employee and the related party.

As at 30 June 2016, Executive Director, Mr Daniel Abrahams, owed \$400,000 to the related party.

# Remuneration Report

## 6. EMPLOYMENT TERMS FOR KEY MANAGEMENT PERSONNEL

### 6.1 DIRECTORS

On appointment to the Board, all non-executive Directors enter into agreements with the Company in the form of a letter of appointment. The agreements summarise the key terms of engagement including compensation relevant to the office of director.

Each appointment has no initial term, has no notice period and is not subject to any termination benefits.

Subject to ASX Listing Rules, directors must retire from office at the conclusion of the third annual general meeting after the Director was last elected and will be eligible for re-election at that annual general meeting.

Upon cessation of a Director's appointment, the Director will be paid his or her Director's fees on a pro-rata basis, to the extent that they are unpaid, up to the date of cessation.

### 6.1 EXECUTIVE CHAIRMAN AND CEO REMUNERATION

Mr Slattery is the Chairman of the Board and CEO of the Superloop Group. Mr Slattery commenced employment as CEO for the Group on 23 February 2016.

Mr Slattery's remuneration package consists of:

- Chairman of the Board fee of \$75,000;
- Committee membership fee of \$10,000;
- an annual salary via a service agreement (including superannuation) of \$120,000;
- incentive payments via an options package that was approved by shareholders at a general meeting held on 21 June 2016.

The options package consists of two components:

- CEO package: 395,898 options which vest and are exercisable on 1st March 2017 representing part remuneration as CEO, which at the time of approval were valued at \$180,000;
- Incentive arrangement: 329,916 options which vest and are exercisable on 1st March 2017 subject to the meeting of performance hurdles. At the time of approval, the options were valued at \$150,000.

The performance hurdles for the incentive arrangement are as follows:

- EBITDA positive based on contracted recurring revenue including Hong Kong costs by 31 December 2016;
- Secure a corporate debt facility on terms and parameters satisfactory to the Board by 31 August 2016;
- Initial net promoter system in place by 30 June 2016; and
- Following the recent acquisitions of APEXN and CINENET Systems, complete integration of companywide system for provisioning, billing and accounting by 30 June 2016.

### 6.2 SENIOR EXECUTIVES

Remuneration and other terms of employment for other senior executives are formalised in employment agreements. Key terms of those employment agreements are as follows:

Name	Duration of Contract	Notice Period	Termination payments <sup>(1)</sup>
Daniel Abrahams	3 years to March 2018	The shorter of 6 months, or the remaining term	The shorter of 6 months, or the remaining term
Paul Jobbins	No fixed term	6 months	6 months
Steve Bond	No fixed term	3 months	3 months
Ryan Crouch	No fixed term	3 months	3 months
Matthew Gregg	No fixed term	3 months	3 months

(1) Base salary payable if the Company terminates the executive without notice or without cause.

# Remuneration Report

## 7. REMUNERATION FOR FY16

The tables below outline the remuneration received by Key Management Personnel (KMP) during the year. This information is disclosed in accordance with the Corporations Act 2001 and the Australian Accounting Standards.

### DIRECTORS

Fees and remuneration received by the Directors:

		Short term employee benefits				Post employment benefits	Long-term employee benefits		Total Remuneration package (TRP) \$	% of TRP linked to performance %
		Salary/ Fees \$	STI \$	Other Benefits \$	Total \$	Super-annuation \$	LTI \$	Long Service Leave \$		
<b>Executive Directors</b>										
Bevan Slattery <sup>(1)</sup>	2016	178,082	-	-	178,082	16,918	-	-	195,000	-
	2015	14,840	-	-	14,840	1,410	-	-	16,250	-
Daniel Abrahams <sup>(2)</sup>	2016	273,978	-	3,240	277,218	26,028	-	-	303,246	-
	2015	68,495	-	810	69,305	6,507	-	-	75,812	-
<b>Non-Executive Directors</b>										
Michael Malone	2016	70,000	N/A	-	70,000	-	N/A	-	70,000	-
	2015	5,833	N/A	-	5,833	-	N/A	-	5,833	-
Louise Bolger	2016	63,927	N/A	-	63,927	6,073	N/A	-	70,000	-
	2015	5,327	N/A	-	5,327	506	N/A	-	5,833	-
Gregory Baynton	2016	80,000	N/A	-	80,000	-	N/A	-	80,000	-
	2015	6,667	N/A	-	6,667	-	N/A	-	6,667	-
Richard Anthony Clark <sup>(3)</sup>	2016	28,428	N/A	-	28,428	2,701	N/A	-	31,129	-
	2015	N/A	N/A	-	N/A	-	N/A	-	N/A	-
<b>TOTAL</b>	<b>2016</b>	694,415	-	3,240	697,655	51,720	-	-	749,375	-
<b>TOTAL</b>	<b>2015</b>	101,162	-	810	101,972	8,423	-	-	110,395	-

(1) On 23 February 2016, Mr Slattery became the CEO

(2) On 23 February 2016, Mr Abrahams' role changed from CEO to Chief Infrastructure Officer

(3) Mr Clark commenced as a Director of Superloop on 23 December 2015



# Remuneration Report

## KEY MANAGEMENT PERSONNEL

Fees and remuneration received by the Key Management Personnel:

		Short term employee benefits				Post employment benefits Superannuation \$	Long-term employee benefits		Total Remuneration package (TRP) \$	% of TRP linked to performance %
		Salary/ Fees \$	STI \$	Other Benefits \$	Total \$		LTI \$	Long Service Leave \$		

### Senior Executives

Paul Jobbins <sup>(1)</sup>	2016	53,981	-	-	53,981	4,455	-	-	58,436	-
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Steven Bond <sup>(2)</sup>	2016	20,999	-	-	20,999	1,758	-	-	22,757	-
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ryan Crouch <sup>(3)</sup>	2016	114,158	100,000	-	214,158	10,845	-	30,708	255,711	39.1%
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Matthew Gregg <sup>(3)</sup>	2016	114,158	100,000	-	214,158	10,845	-	30,708	255,711	39.1%
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Former Senior Executives

Matthew Whitlock <sup>(4)</sup>	2016	144,282	150,000	-	294,282	13,707	-	-	307,989	48.7%
	2015	45,874	-	-	45,874	4,358	-	-	50,232	-
Gregory Bryant <sup>(5)</sup>	2016	179,522	-	2,548	182,070	17,055	-	-	199,125	-
	2015	55,322	-	810	56,132	5,256	-	-	61,388	-
Michael Glynn <sup>(6)</sup>	2016	48,439	-	-	48,439	4,602	-	-	53,041	-
	2015	42,501	-	-	42,501	4,038	-	-	46,539	-
Murray Hankinson <sup>(7)</sup>	2016	187,821	-	-	187,821	17,843	-	-	205,664	-
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTAL</b>	<b>2016</b>	<b>863,360</b>	<b>350,000</b>	<b>2,548</b>	<b>1,215,908</b>	<b>81,110</b>	<b>-</b>	<b>61,416</b>	<b>1,358,434</b>	<b>25.8%</b>
<b>TOTAL</b>	<b>2015</b>	<b>143,697</b>	<b>-</b>	<b>810</b>	<b>144,507</b>	<b>13,652</b>	<b>-</b>	<b>-</b>	<b>158,159</b>	<b>-</b>

1) Mr Jobbins commenced employment with Superloop on 12 April 2016

(2) Mr Bond commenced employment with Superloop on 30 May 2016

(3) Mr Crouch & Mr Gregg commenced employment with Superloop on 16 October 2015, following the Group's acquisition of APEXN Pty Ltd

(4) Mr Whitlock commenced employment with Superloop on 10 April 2015. Following an internal management re-organisation on 12 April 2016, Mr Whitlock as Chief Operating Officer, reports to Chief Infrastructure Officer, Mr Daniel Abrahams, and for the purpose of this report is no longer considered Key Management Personnel

(5) Mr Bryant commenced employment with Superloop on 26 March 2015. Following an internal management re-organisation on 12 April 2016, Mr Bryant as Chief Financial Officer, reports to GM, Corporate & Strategy, Mr Paul Jobbins, and for the purpose of this report is no longer considered Key Management Personnel

(6) Mr Glynn joined following the acquisition of Superloop (Australia) Pty Ltd on 27 March 2015, and ceased to be a Senior Executive on 12 October 2015 following the appointment of Mr Hankinson

(7) Mr Hankinson was employed for the period 12 October 2015 to 23 June 2016

## 8. PERFORMANCE OUTCOMES FOR FY16

The following table outlines the performance of the Company over the 2016 financial year and the previous period since the company was incorporated. Since listing in June 2015, with an IPO share price of \$1.00, Superloop Limited's share price has risen to \$2.35 at 30 June 2016.

# Remuneration Report

Year ended 30 June	2015*	2016
Net loss	(\$1,193,442)	(\$7,164,110)
Dividends paid	-	-
Share price at start of year	\$1.00	\$1.94
Share price at end of year	\$1.94	\$2.35

\* 2015 includes the period from 28 April 2014 to 30 June 2015. Share price at start of the year refers to the issue price of shares in the Company's Initial Public Offering in June 2015.

The 2016 financial year was the Company's first full financial year since listing. Consistent with the early stage of the Company's development, key strategic objectives for the year included the establishment and provisioning of the Group's dark fibre infrastructure networks in Australia and Singapore, the development of core operating systems and the recruitment of key personnel able to pursue these objectives. Superloop has invested in the establishment of administrative, customer service, sales, marketing, engineering and networking functions which will allow the Company to leverage the significant opportunities available in the Asia Pacific region.

With the provisioning of the Australian and Singapore networks from September 2015, the Group has been able to generate revenue from its initial customers. The acquisitions of APEXN Pty Ltd in October 2015 and CINENET Systems Pty Ltd in November 2015 added significant earning capacity through those companies' existing customer bases, infrastructure, intellectual property and talent. The Group also began the strategic expansion of Superloop's network into Hong Kong, with an agreement entered into in December 2015 for the construction of and access to a 110km fibre optic network. A platform has now been established from which earnings will grow.

Ongoing strategic objectives for the Group continue to relate to the construction and provisioning of core infrastructure assets in Singapore, Hong Kong and Australia. In addition, utilisation of the networks by generating sales to key industry segments of financial services, digital media and telecommunications providers, will deliver an increasing return on the Group's investment.

Future performance outcomes will depend on the achievement of these strategic objectives. The remuneration framework being developed will support that achievement for future financial years, leading to the continued creation of shareholder value.

During the year, the following short-term incentives arrangements were in place:

Name	Grant date	Performance Criteria	Contribution to strategic objectives	Measurements	Form of Incentive	Amount	Percentage of grant paid
Ryan Crouch	16 October 2015	Retention of employment post acquisition of APEXN Pty Ltd	To ensure an orderly transition of ownership of APEXN Pty Ltd and successful integration into the Superloop Group	Executive to remain actively employed and in compliance with the Group's policies and procedures	Cash bonus	\$100,000	100%
Matthew Gregg	16 October 2015	Retention of employment post acquisition of APEXN Pty Ltd	To ensure an orderly transition of ownership of APEXN Pty Ltd and successful integration into the Superloop Group	Executive to remain actively employed and in compliance with the Group's policies and procedures	Cash bonus	\$100,000	100%
Matthew Whitlock	10 November 2015	Seven key project milestones in relation to construction, installation, rollout and commissioning of the Group's network assets	Development of the Group's core infrastructure assets being the initial networks strategically positioned to capitalise on market demand dynamics	Development of the Group's core infrastructure assets being the initial networks strategically positioned to capitalise on market demand dynamics	Cash bonus	\$200,000	75% (25% subject to future dated performance milestones)

Mr Whitlock is eligible for short term cash incentive payments of up to a further \$50,000 during the 2017 financial year subject to achieving project milestones in relation to the on-net connection of enterprise buildings in Singapore and the construction of the Company's Hong Kong fibre network. Following an internal management reorganisation on 12 April 2016, he is no longer considered Key Management Personnel.

There have been no alterations to any of the terms or conditions of the grants since grant date.

# Remuneration Report

In addition to the incentive arrangement described above for Mr Slattery, refer section 6.2, the following short term incentive arrangements are currently in place for the 2017 financial year:

Name	Grant date	Performance Criteria	Contribution to strategic objectives	Measurements	Form of Incentive	Amount	Percentage of grant paid
<b>Paul Jobbins</b>	12 April 2016	Meeting group earnings targets and funding targets as well as completion of specific projects	Meeting earnings and funding targets allows the Company to expand and pursue growth opportunities	Executive to remain actively employed and in compliance with the Group's policies and procedures	Cash bonus	Nil	\$35,000
<b>Steven Bond</b>	30 May 2016	Meeting specific sales targets, developing product and marketing plans and development of sales team	Meeting sales targets and the successful development of product and marketing plans leads to the generation of earnings in line with budgets and market expectations	Successful achievement of objectives	Cash bonus	Nil	\$100,000

After the reporting period, on 13 July 2016, Performance Rights were issued in accordance with the Employee Rights Plan to senior executives. The Performance Rights outlined in the table below are considered long term incentive arrangements provided as part of the senior executive's remuneration for the 2017 financial year and beyond:

Name	Date of issue	No. of Rights granted/ to be issued	No. of Rights vested	Issue price of shares	Fair value of right at grant date (\$)	Vesting date	Expiry date of rights
<b>Paul Jobbins</b>	13 July 2016	4,150	-	-	2.41	15 September 2017	15 September 2017
	13 July 2016	4,149	-	-	2.41	15 September 2018	15 September 2018
	13 July 2016	13,227	-	-	2.41	15 April 2017	15 April 2017
	13 July 2016	13,228	-	-	2.41	15 April 2018	15 April 2018
	13 July 2016	13,227	-	-	2.41	15 April 2019	15 April 2019
	13 July 2016	13,228	-	-	2.41	15 April 2020	15 April 2020
<b>Steven Bond</b>	13 July 2016	4,150	-	-	2.41	15 September 2017	15 September 2017
	13 July 2016	4,149	-	-	2.41	15 September 2018	15 September 2018
<b>Ryan Crouch</b>	13 July 2016	4,150	-	-	2.41	15 September 2017	15 September 2017
	13 July 2016	4,149	-	-	2.41	15 September 2018	15 September 2018
<b>Matthew Gregg</b>	13 July 2016	4,150	-	-	2.41	15 September 2017	15 September 2017
	13 July 2016	4,149	-	-	2.41	15 September 2018	15 September 2018

## 9. SUMMARY OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

The tables below outlines the movement in shareholdings by Key Management Personnel during the year.

	Opening Balance 30 June 2015	Balance at date of appointment	Received as part of Remuneration	Additions	Disposals	Other Movements	Closing Balance 30 June 2016
<b>Directors</b>							
Bevan Slattery	60,000,000	-	-	7,894	-	-	60,007,894
Daniel Abrahams	1,050,000	-	-	7,894	-	-	1,057,894
Gregory Baynton	695,000	-	-	15,788	-	-	710,788
Louise Bolger	50,000	-	-	7,894	-	-	57,894
Michael Malone	625,000	-	-	7,894	-	-	632,894
Richard Anthony Clark <sup>(1)</sup>	-	338,906	-	7,894	-	-	346,800
<b>Executives</b>							
Paul Jobbins	-	5,000	-	2,484	-	-	7,484
Steven Bond	-	5,000	-	-	-	-	5,000
Ryan Crouch	-	448,833	-	7,894	-	-	456,727
Matthew Gregg	-	448,833	-	-	-	-	448,833
<b>Former Key Management Personnel</b>							
Matt Whitlock <sup>(5)</sup>	120,000	-	-	-	-	(120,000)	-
Michael Glynn <sup>(5)</sup>	100,000	-	-	-	-	(100,000)	-
Gregory Bryant <sup>(5)</sup>	31,250	-	-	7,894	-	(39,144)	-
<b>TOTAL</b>	<b>62,671,250</b>	<b>1,246,572</b>	<b>-</b>	<b>73,530</b>	<b>-</b>	<b>(259,144)</b>	<b>63,732,208</b>

(1) Mr Clark commenced as a Director of Superloop on 23 December 2015

(2) Mr Jobbins commenced employment with Superloop on 12 April 2016

(3) Mr Bond commenced employment with Superloop on 30 May 2016

(4) Mr Crouch & Mr Gregg commenced employment with Superloop on 16 October 2015, following the Group's acquisition of APEXN Pty Ltd

(5) The other movements are not due to disposal of shares, but are as a result of these individuals no longer considered Key Management Personnel for the purpose of this report.

## 10. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel not otherwise disclosed in the report.

# Directors' Report

## SHARES UNDER OPTION OR PERFORMANCE RIGHTS

Details of unissued shares or interest under option at the date of this report are:

Date of Issue	No. of shares under option	Class of shares	Exercise price of option	Vesting date	Expiry date of options
13 July 2016	395,898	Ordinary	\$2.00	1 March 2017	1 March 2018
13 July 2016	329,916	Ordinary	\$2.00	1 March 2017 <sup>(1)</sup>	1 March 2018

(1) These share options can only be exercised once certain performance hurdles are met.

The options are subject to the terms and conditions as set out in the Executive Option Plan. The holder of these options does not have the right, by virtue of the option, to participate in any share issue or interest issue of the company.

Details of unissued shares or interest under performance rights at the date of this report are:

Date of issue	Number of Rights granted / to be issued	Class of shares	Issue price of shares	Vesting date	Expiry date of rights
13 July 2016	13,227	Ordinary	-	15 April 2017	15 April 2017
13 July 2016	71,599	Ordinary	-	15 September 2017	15 September 2017
13 July 2016	13,228	Ordinary	-	15 April 2018	15 April 2018
13 July 2016	71,559	Ordinary	-	15 September 2018	15 September 2018
13 July 2016	13,227	Ordinary	-	15 April 2019	15 April 2019
13 July 2016	13,228	Ordinary	-	15 April 2020	15 April 2020

Performance Rights are subject to the terms and conditions as set out in the Employee Rights Plan. The holders of the Rights are not entitled, by virtue of the Performance Right, to participate in any share issue or interest issue of the company. Each Performance Right entitles the holder, upon vesting, to be issued one Ordinary share. The participant must be an eligible employee on the vesting date to for the rights to vest.

This report is made in accordance with a resolution of the Board of Directors, in accordance with section 298(2) of the Corporations Act 2001.

**On behalf of the Directors**



**Bevan Slattery**  
Executive Chairman & Chief Executive Officer

29 August 2016

The Board of Directors  
Superloop Limited  
Level 17  
333 Ann Street  
Brisbane  
Queensland  
4000

29 August 2016

Dear Board Members

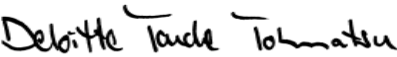
## Superloop Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Superloop Limited.

As lead audit partner for the audit of the financial statements of Superloop Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU

  
**R G Saayman**  
Partner  
Chartered Accountant

# Corporate Governance Statement

## CORPORATE GOVERNANCE PRINCIPLES - OVERVIEW

The following statement sets out the corporate governance framework adopted by the Board of Directors (“the Board”) of Superloop Limited. The Board is dedicated to ensuring its policies and procedures in the critical area of corporate governance meet high levels of disclosure and compliance.

As a Company listed on the Australia Securities Exchange (“ASX”), Superloop is required either to apply the recommendations contained within the ASX Corporate Governance Council’s (“ASX CGC”) Corporate Governance Principles and Recommendations with 2010 Amendments (3rd Edition) (“ASX 3rd Edition Recommendations”) or disclose any differences to them. The Board has reported against ASX 3rd Edition Recommendations for the financial year ended 30 June 2016.

Principle 1 - Lay solid foundations for management and oversight	Complies	Note
1.1 Companies should disclose the roles and responsibilities of its board and management, and those which are expressly reserved to the board and those delegated to senior management	✓	The Board is responsible for the overall corporate governance of the Company.  The role of the Board and delegation to management have been formalised in the Corporate Governance Charter (“Charter”) which outlines the main corporate governance practices in place for the Company and to which the Board and each Director are committed. The conduct of the Board is also governed by the Company’s constitution, and where there is inconsistency with that document, the constitution prevails to the extent of the inconsistency. The Charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company.
1.2 Undertake appropriate checks before appointing a person as a director or putting forward a candidate for election, and provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director.	✓	The Company completes police checks, insolvency and banned director searches in relation before appointing directors.  Material information relevant to a decision to elect or re-elect a director, including biographical details and relevant qualifications and skills brought to the Board, is disclosed in the notice of meeting provided to shareholders for each Annual General Meeting.
1.3 Have a written agreement with each director and senior executive setting out the terms of their appointment	✓	The Company has entered into written agreements with each director and senior executive.
1.4 The company secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the board.	✓	This is consistent with the Charter and corporate structure of the Company.  The Company Secretary has a direct relationship with the Board in relation to these matters.
1.5 Establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements to establish measurable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.  Disclose at the end of each reporting period the measurable objectives for achieving gender diversity and progress towards achieving them	<b>Does not comply</b>	The Company does not have a diversity policy. The Board is committed to fostering a corporate culture that embraces diversity, however the Board considers that because of the size and the nature of the Company it is not appropriate at this time to set measurable objectives to achieve gender diversity.  At year end, the respective proportions of men and women across the organisation was as follows: Board: 5 men, 1 woman Senior executives: 5 men, 0 women Whole organisation: 36 men, 14 women
1.6 Have a process for periodically evaluating the performance of the Board, its committees and individual directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	✓	The Board has adopted a charter establishing the requirements to undertake performance reviews at least annually. Board performance has been evaluated during the 2016 financial year.

# Corporate Governance Statement

<p>1.7 Have a process for periodically evaluating the performance of the company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.</p>	<p>✓</p>	<p>The Board's broad function is to formulate strategy and set financial targets for the Company, monitor the implementation and execution of strategy and performance against financial targets, appoint and oversee the performance of executive management, and generally take an effective leadership role in relation to the Company.</p> <p>The Chairman, with assistance from the Remuneration and Nomination Committee, annually assesses the performance of Directors and senior executives, and the Chairman's performance is assessed by at least 2 independent non-executive Directors.</p>
<p><b>Principle 2 - Structure of the board to add value</b></p>	<p><b>Compiles</b></p>	<p><b>Note</b></p>
<p>2.1 The Board should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The Company should disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period with the individual attendances of the members at those meetings.</p>	<p>✓</p>	<p>A Remuneration and Nomination Committee has been established with its own Charter. A copy of the Committee's charter, which forms part of the Corporate Governance Charter, is available on Superloop's website at <a href="http://www.superloop.com/investor">www.superloop.com/investor</a>.</p> <p>The committee consists of:</p> <ul style="list-style-type: none"> <li>- Ms Louise Bolger (committee Chair), Independent non-executive Director,</li> <li>- Mr Greg Baynton, Independent non-executive Director, and</li> <li>- Mr Bevan Slattery, Executive Chairman and CEO.</li> </ul> <p>Refer to the Directors' Report for the number of meetings held during the year and the attendance of the members at those meetings.</p>
<p>2.2 Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.</p>	<p><b>Partially</b></p>	<p>The Company has established a charter for the Remuneration and Nomination Committee which sets out the Committee's responsibility with respect to the mix of skills, expertise and experience of current and proposed Board members.</p> <p>Together, the current Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Company and its business. However at this stage the Company has not disclosed a board skills matrix.</p>
<p>2.3 Disclose the names of the directors that the Board considers to be independent directors, and an explanation of why the Board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director.</p>	<p>✓</p>	<p>Ms Louise Bolger (appointed 27 April 2015)          Mr Michael Malone (appointed 27 April 2015)          Mr Greg Baynton (appointed 28 April 2014)          Mr Richard Clark (appointed 23 December 2015)</p> <p>While Mr Baynton has had a long business relationship with Mr Slattery, as co-directors and investors of PIPE Networks Limited and NEXTDC Limited, the Board does not believe that those relationships influence Mr Baynton to extent that he ought not be classified as independent.</p>
<p>2.4 A majority of the Board should be independent</p>	<p>✓</p>	<p>The Company currently has a six member Board, of whom four (Ms Louise Bolger, Mr Greg Baynton, Mr Michael Malone and Mr Richard Clark) are independent non-executive Directors.</p>
<p>2.5 The chair of the Board should be an independent director and should not be the CEO.</p>	<p><b>Does not comply</b></p>	<p>The Chairman and CEO, Mr Bevan Slattery, is an Executive Director, and is not independent.</p> <p>The Board believes that the non-independence of the Chairman and CEO does not impede proper oversight, particularly having regard to the fact that a majority of the Board are independent non-executive Directors.</p>
<p>2.6 There should be a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	<p>✓</p>	<p>This is consistent with the Board Charter and processes implemented by Superloop.</p>



# Corporate Governance Statement

Principle 3 - Act ethical and responsibly	Complies	Note
3.1 Have a code of conduct for the Board, senior executives and employees, and disclose that code or a summary of that code.	✓	The Company has adopted a Code of Conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance. The Code of Conduct forms part of the Corporate Governance Charter and is available at the Company's website at <a href="http://www.superloop.com/investor">www.superloop.com/investor</a>
Principle 4 - Safeguard integrity in corporate reporting	Complies	Note
4.1 The Board should have an audit committee, which consists of only non-executive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the Board, and has at least three members. The Company should disclose the charter of the committee, the relevant qualifications and experience of members of the committee and the number of times the committee met throughout the period with the individual attendances of the members at those meetings.	<b>Partially</b>	An Audit and Risk Committee has been established with its own Charter. A copy of the Committee's charter, which forms part of the Corporate Governance Charter, is available on Superloop's website at <a href="http://www.superloop.com/investor">www.superloop.com/investor</a> .  The committee consists of: - Mr Greg Baynton, (committee Chair) Independent non-executive Director, - Mr Michael Malone, Independent non-executive Director, and - Mr Daniel Abrahams, Executive Director and CIO. The relevant qualifications and experience for each committee member are disclosed in the Directors' Report. The Company notes that Mr Abrahams has significant experience in audit, governance and risk management.  The number of meetings held during the year and the attendance of the members at those meetings is also disclosed in the Directors' Report.
4.2 The Board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	✓	This is consistent with the approach to be adopted by the Audit & Risk Management Committee and Board.
4.3 The Company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	✓	Superloop's auditor will be requested to attend the AGM and shareholders will be entitled to ask questions in accordance with the Corporations Act and these Guidelines.
Principle 5 - Make timely and balanced disclosure	Complies	Note
5.1 Have a written policy for complying with continuous disclosure obligations under the Listing Rules, and disclose that policy or a summary of it.	✓	Superloop has a written Continuous Disclosure Policy that is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules.  The policy is available at the Company's website at <a href="http://www.superloop.com/investor">www.superloop.com/investor</a>
Principle 6 - Respect the rights of security holders	Complies	Note
6.1 Provide information about the Company and its governance to investors via its website.	✓	The Board Charter and other applicable policies are available on the Company's website. All market releases and reports are also made available on the Company's website.
6.2 Design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	The Company aims to ensure that all Shareholders are well informed of all major developments affecting the Company. The Board Charter sets out the Company's obligations with respect to investor relations and the Company has adopted a Continuous Disclosure Policy.

# Corporate Governance Statement

6.3 Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	✓	The Company facilitates effective participation at general meetings, as well as the ability to submit written questions ahead of the meetings. The Company adopts appropriate technologies to facilitate the effective communication and conduct of general meetings.
6.4 Give security holders the option to receive communications from, and send communications to, the Company and its share registry electronically.	✓	The Company, via its shareholder website and its share registry, provides security holders the option to receive and send electronic communications.
<b>Principle 7- Recognise and manage risk</b>	<b>Complies</b>	<b>Notes</b>
7.1 The Board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The Company should disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period with the individual attendances of the members at those meetings.	✓	The Company has a combined Audit and Risk Committee. The functions and operations of the Committee are established under the Charter. The Audit and Risk Management Committee consists of two non-executive Directors and one Executive Director. A non-executive Director chairs the committee. Refer principle 4.1 for additional disclosures.
7.2 The Board or a committee of the Board should review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.	✓	The Committee continues to develop and enhance its risk management framework. Reviews of the risk management framework and risk register are undertaken at least annually. In addition, the Board is provided and reviews detailed risk assessments of material projects on an ongoing basis. A review of the risk management framework was undertaken during the financial year.
7.3 Disclose if the Company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	✓	The Company does not have an internal audit function due to the Company's limited number of employees and the relative nature and scale of its operations. The Company has an external auditor and the Audit and Risk Management Committee monitors and evaluates material or systemic risks. The Board believes it and the Audit and Risk Management Committee have appropriate oversight of existing operations and risks.
7.4 Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	✓	The Board has disclosed what it believes are the material risks faced by the business in the Directors' Report.
<b>Principle 8- Remunerate fairly and responsibly</b>	<b>Complies</b>	<b>Notes</b>
8.1 The Board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The Company should disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period with the individual attendances of the members at those meetings.	✓	The Board has established a Remuneration and Nomination Committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and Directors. The remuneration committee consists of three Directors, a majority of whom are independent, non-executive Directors and is chaired by an independent, non-executive Director who is not the Chairman. The composition and role of the Remuneration and Nomination Committee is set out in the Remuneration and Nomination Committee Charter. Refer principle 2.1 for additional disclosures.
8.2 The policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives, should be separately disclosed	✓	The Company's remuneration report within the Annual Report sets out the policies and practices for the remuneration of non-executive directors, executive directors and senior executives. No director or senior executive is involved directly in deciding their own remuneration.
8.3 If the Company has an equity-based remuneration scheme, it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	✓	In accordance with the Company's Securities Trading Policy, participants are not permitted to enter into transactions which limit economic risk related to equity-based remuneration scheme without written clearance.

# Financial Report

These financial statements are the consolidated financial statements of the consolidated entity consisting of Superloop Limited (ABN 96 169 263 094) and its controlled entities.

Superloop Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements are presented in the Australian currency.

Superloop's registered office and principal place of business is Level 17, 333 Ann Street, Brisbane QLD 4000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on page 9, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 29 August 2016. The Directors have the power to amend and reissue the financial statements.

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# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	30 June 2016 \$	28 April 2014 to 30 June 2015 \$
<b>RESULTS FROM CONTINUING OPERATIONS</b>			
Revenue	5	6,248,753	7,217
Other gains from transactions with customers	6	745,617	-
Direct network costs		(5,063,806)	(290,048)
<b>PROFIT AFTER DIRECT NETWORK COSTS</b>		<b>1,930,564</b>	<b>(282,831)</b>
<b>OPERATING EXPENSES</b>			
Employee benefits expense		(4,168,141)	(1,135,390)
Professional fees		(1,312,789)	(1,730,000)
Marketing costs		(300,903)	(70,207)
Office and administrative expenses		(1,764,748)	(329,060)
Bad debt expense		(20,990)	-
<b>TOTAL OPERATING EXPENSES</b>		<b>(7,567,571)</b>	<b>(3,264,657)</b>
<b>EARNINGS BEFORE INTEREST-PAID, TAX, DEPRECIATION, AMORTISATION AND FOREIGN EXCHANGE GAINS/LOSSES (EBITDA)</b>		<b>(5,637,007)</b>	<b>(3,547,488)</b>
Depreciation and amortisation expense		(1,881,969)	(589,777)
Interest on loans	7	-	(475,874)
Foreign exchange gains	8	354,866	3,419,697
<b>LOSS BEFORE INCOME TAX</b>		<b>(7,164,110)</b>	<b>(1,193,442)</b>
Income tax expense	9	-	-
<b>LOSS FOR THE YEAR AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>(7,164,110)</b>	<b>(1,193,442)</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		457,999	145,592
Net fair value loss on hedging transactions entered into the cash flow hedge reserve		(368,560)	-
<b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>		<b>89,439</b>	<b>145,592</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(7,074,671)</b>	<b>(1,047,850)</b>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>			
> Owners of Superloop Limited		(7,164,110)	(1,193,442)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>		<b>(7,074,671)</b>	<b>(1,047,850)</b>
> Owners of Superloop Limited		(7,074,671)	(1,047,850)
<b>Loss per share for loss attributable to the ordinary equity holders of the Group:</b>			
Basic loss per share	33	(6.81)	(3.55)
Diluted loss per share	33	(6.81)	(3.55)

The notes following the financial statements form part of the financial report

# Consolidated Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	45,854,135	18,011,900
Trade and other receivables	11	1,397,290	190,867
Other current assets	12	471,550	360,201
<b>TOTAL CURRENT ASSETS</b>		<b>47,722,975</b>	<b>18,562,968</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	66,850,737	33,576,396
Other non-current assets	12	17,180	-
Intangible assets	14	12,363,209	4,300,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>79,231,126</b>	<b>37,876,396</b>
<b>TOTAL ASSETS</b>		<b>126,954,101</b>	<b>56,439,364</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	6,579,093	2,585,677
Provisions	18	342,124	83,777
Deferred revenue	19	204,314	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,125,531</b>	<b>2,669,454</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	18	69,303	-
Deferred revenue	19	22,458	-
Interest-bearing borrowings	17	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>91,761</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>7,217,292</b>	<b>2,669,454</b>
<b>NET ASSETS</b>		<b>119,736,809</b>	<b>53,769,910</b>
<b>EQUITY</b>			
Contributed equity	21	131,186,364	58,144,794
Reserves	22	235,031	145,592
Other equity		(3,327,034)	(3,327,034)
Accumulated losses	23	(8,357,552)	(1,193,442)
<b>TOTAL EQUITY</b>		<b>119,736,809</b>	<b>53,769,910</b>

The notes following the financial statements form part of the financial report

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Contributed equity \$	Reserves \$	Other equity \$	Accumulated losses \$	Total equity \$
<b>BALANCE AT 1 JULY 2015</b>		<b>58,144,794</b>	<b>145,592</b>	<b>(3,327,034)</b>	<b>(1,193,442)</b>	<b>53,769,910</b>
Loss for the year	23	-	-	-	(7,164,110)	(7,164,110)
Other comprehensive income for the year		-	89,439	-	-	89,439
Total comprehensive loss for the year		-	89,439	-	(7,164,110)	(7,074,671)
Issue of ordinary share capital	21	75,306,005	-	-	-	75,306,005
Share issue costs	21	(2,264,435)	-	-	-	(2,264,435)
<b>BALANCE AT 30 JUNE 2016</b>		<b>131,186,364</b>	<b>235,031</b>	<b>(3,327,034)</b>	<b>(8,357,552)</b>	<b>119,736,809</b>

	Note	Contributed equity \$	Reserves \$	Other equity \$	Accumulated losses \$	Total equity \$
<b>BALANCE AT 28 APRIL 2014</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Loss for the period	23	-	-	-	(1,193,442)	(1,193,442)
Other comprehensive income for the period		-	145,592	-	-	145,592
Total comprehensive loss for the year		-	145,592	-	(1,193,442)	(1,047,850)
Common control transactions	34	-	-	(3,327,034)	-	(3,327,034)
Issue of ordinary share capital	21	58,800,141	-	-	-	58,800,141
Share issue costs	21	(655,348)	-	-	-	(655,348)
<b>BALANCE AT 30 JUNE 2015</b>		<b>58,144,794</b>	<b>145,592</b>	<b>(3,327,034)</b>	<b>(1,193,442)</b>	<b>53,769,910</b>

The notes following the financial statements form part of the financial report

# Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	30 June 2016 \$	28 April 2014 to 30 June 2015 \$
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		6,445,063	-
Payments to suppliers and employees		(12,775,358)	(2,697,565)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>30</b>	<b>(6,330,295)</b>	<b>(2,697,565)</b>
<b>INVESTING ACTIVITIES</b>			
Interest Received	<b>5</b>	50,700	7,217
Payments for property, plant and equipment		(30,645,996)	(31,919,735)
Proceeds from sale of property, plant and equipment		755,719	-
Payments for intangible assets		(204,530)	-
Net cash outflow on acquisition of subsidiaries	<b>37</b>	(4,648,685)	-
Transaction costs associated with the acquisition of subsidiaries		(55,164)	-
Non-current deposits		(17,180)	-
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(34,765,136)</b>	<b>(31,912,518)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issues of shares	<b>21</b>	71,806,005	57,500,000
Transaction costs paid in relation to issue of shares	<b>21</b>	(1,943,679)	(655,348)
Payment of pre-acquisition financing		(518,134)	-
Loan from related parties		-	4,277,331
Loan repaid to related parties	<b>29</b>	-	(8,500,000)
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>		<b>69,344,192</b>	<b>52,621,983</b>
Net (decrease) / increase in cash and cash equivalents	<b>10</b>	28,248,761	18,011,900
FX movement in cash		(406,526)	-
Cash and cash equivalents at the beginning of the year		18,011,900	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>10</b>	<b>45,854,135</b>	<b>18,011,900</b>

The notes following the financial statements form part of the financial report

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# Notes to the Consolidated Financial Report

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Superloop Limited and its subsidiaries. Superloop is a public company limited by shares, incorporated and domiciled in Australia.

### (A) REPORTING PERIOD AND COMPARATIVE INFORMATION

These financial statements cover the year 1 July 2015 to 30 June 2016. As this is the second set of financial statements prepared by the Company, the prior period covers 28 April 2014 to 30 June 2015.

### (B) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Superloop Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Superloop Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the Group

Superloop has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new, revised or amended standards had a material impact on in the current period or any prior period and are not likely to affect future periods.

#### (iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2015.

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

#### (v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

## (C) PRINCIPLE OF CONSOLIDATION

### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### (ii) Business Combinations under Common Control.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory. Please refer to note 34 for further information in relation to the common control transactions.

Where an entity within the Superloop group acquires an entity under common control, the acquirer consolidates the carrying values of the acquired entity's assets and liabilities from the date of acquisition. No fair value adjustments are made to the acquired entities assets and liabilities at the date of acquisition. The consolidated financial statements of the Superloop group include the acquired entity's income and expenses from the date of acquisition onwards. Any difference between the fair value of the consideration paid / transferred by the acquirer and the net assets / (liabilities) of the acquired entity are taken to the common control reserve within other equity.

## (D) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the operations of the Company and the internal reporting provided to the chief operating decision maker.

## (E) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

### (i) Customer Revenue

Revenue on services is recognised when the service has been provided, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

Upfront discounts provided to customers are amortised over the life of the customer contract.

Installation fees charged where there is no direct expenditure for the establishment of services are brought to account as revenue over the effective life of the customer contracts. Installation fees charged as a recovery of direct operational expenditure are brought to account as revenue at the time of the transaction.

### (ii) Other Revenue

Interest income is recognised using the effective interest method.

## (F) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, if applicable, are shown within borrowings in current liabilities in the consolidated statement of financial position.

## (G) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Consolidated Statement of Comprehensive Income within operating expenses.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

## (H) CONSUMPTION TAXES

Revenues, expenses and assets are recognised net of the amount of associated consumption tax per jurisdiction, unless the consumption based tax incurred is not recoverable from the taxation authority.

In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of consumption based tax receivable or payable. The net amount of the consumption based tax recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The consumption based tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (I) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate in each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in each jurisdiction. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same

# Notes to the Consolidated Financial Report

taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## (J) INVESTMENTS AND OTHER FINANCIAL ASSET

### Loans and receivables classification

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non current assets. Loans and receivables are included in trade and other receivables (note 11) in the consolidated statement of financial position.

### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

### Impairment

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidate Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Comprehensive Income. Impairment testing of trade receivables is described in note 1(G).

## (K) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured

reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the lease term (if shorter) as follows:

Category	Useful life
Network assets	25-40 years
Fibre optic cable	15-25 years
Network communications equipment	3-5 years
Computer equipment	3-5 years
Office furniture and equipment	3-10 years
Leasehold improvements	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

## (L) ASSETS IN THE COURSE OF CONSTRUCTION

Assets in the course of construction are shown at historical cost. Historical cost includes directly attributable expenditure on dark fibre infrastructure which at reporting date, has not yet been finalised and/or ready for use. Assets in the course of construction are not depreciated.

Assets in the course of construction are transferred to property, plant and equipment upon successful testing and commissioning.

## (M) INTANGIBLE ASSETS

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation year or method, as appropriate, which is a change in accounting estimate.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level. Such intangibles are not amortised.

The useful life of an intangible asset with an indefinite useful life is reviewed each reporting year to determine whether the indefinite useful life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

### Indefeasible Rights to Use ('IRUs')

IRUs of capacity are intangible assets amortised on a straight-line basis over the remaining life of the contracts.

### Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. Goodwill has an indefinite useful life and as such, is not amortised. The carrying value is assessed at each reporting date against the value of the cash generating units to which it is assigned.

### Software

On the acquisition of a company, internally developed software and systems are valued and brought to account as intangible assets. The software is valued at its amortised replacement cost. Software is amortised on a straight-line basis over the period of its expected benefit, being its finite life of between 3 to 5 years.

### Other intangibles

Other intangibles are amortised on a straight-line basis over the period of their expected benefit.

## (N) LEASES

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

## (O) IMPAREMENT OF ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## (P) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## (Q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## (R) EMPLOYEE BENEFITS

### (i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in payables.

## (ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting year in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting year on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## (iii) Retirement benefit obligations

Except for the statutory superannuation guarantee charge, the Group does not have any other retirement benefit obligations.

## (iv) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. This fair value is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

## (S) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## (T) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## (U) FOREIGN EXCHANGE

The financial statements are presented in Australian dollars, which is the Group's presentation currency.

### Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the date of the transactions.

### Foreign Operations

The assets and liabilities of foreign operations are translated into the presentation currency (Australian dollars) using the exchange rates as at the reporting date. The revenues and expenses of the foreign operations are translated into the presentation currency using the average exchange rates, which approximate the rate at the date of the transaction. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

## (V) EARNINGS PER SHARE

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profits/loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period (note 33).

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## (W) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

## (X) HEDGING

Hedging of risk exposure can be carried out using derivatives or physical instruments. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

## (Y) HEDGE ACCOUNTING

Superloop designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

### (i) Cash flow hedge

The effective portion of changes in the fair value of financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

## (ii) Fair value hedge

Changes in the fair value of financial instruments that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

## (Z) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Superloop Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements.

## 2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

### AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard was issued in December 2009 and introduced new requirements for the classification and measurement of financial assets. AASB 9 was subsequently amended in December 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in December 2013 to include new requirements for general hedge accounting. Another revised version of AASB 9 was issued in December 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

The assessment of the impact on the Company is still ongoing.

### AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

**STEP 1:** Identify the contract(s) with a customer

**STEP 2:** Identify the performance obligations in the contract

**STEP 3:** Determine the transaction price

**STEP 4:** Allocate the transaction price to the performance obligations in the contract

**STEP 5:** Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The assessment of the impact on the Company is still ongoing.

### AASB 16 Leases

AASB 16 will replace AASB117 Leases, and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

Lessor accounting will not significantly change.

The assessment of the impact on the Company is still ongoing.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

### Useful life of assets

The economic life of property, plant and equipment, which includes network infrastructure is a critical accounting estimate, with the ranges outlined in note 1(K). The useful economic life is the Board's and management's best estimate based on historical experiences and industry knowledge. The Group will review the estimated useful lives of property, plant and equipment including network infrastructure at the end of each annual reporting period. Should the actual lives of these component parts be significantly different this would impact the depreciation charge arising.

### Intangible assets

The Group has allocated portions of the costs of acquisitions to customer contracts, software and brand assets. These calculations require the use of assumptions including customer retention rates, revenue growth, cash flows and weighted-average cost of capital. The Company engaged a specialist firm to assist in the development of the methodology and assumptions used in determining these estimates.

### Goodwill and other indefinite life intangible assets

Whether goodwill and other indefinite life intangible assets have suffered any impairment are tested annually, or more frequently if circumstances indicate impairment, in accordance with accounting policy. The recoverable amounts of cash-generating units have been determined based on a value in use calculation. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of estimated future cash flows.

### Income taxes

The Group is subject to income taxes in each jurisdiction that it operates. Estimation is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

### Deferred taxation

Deferred tax assets are recognised where it is considered probable that they will be recovered in the future and, as such, are subjective. Superloop has not recognised any deferred tax assets in the statement of financial position as at 30 June 2016. A significant portion of the deferred tax assets relates to tax credits for tax losses (refer to note 15).

### Impairment of assets analysis

The Group assesses whether its assets have suffered any impairment on an annual basis. This assessment includes forecasting growth in the various regions, and the use of cash flow projections. The cash flows include estimated growth rates and estimated discount rates. Management's assessment is based on a reasonable estimate of growth plans as there is no significant historical trend to assess. The impairment assessment is directly related to the effectiveness of the strategy in each market.

# Notes to the Consolidated Financial Report

## 4. SEGMENT INFORMATION

### (A) Description of segments

Superloop is focused on becoming a leading independent provider of connectivity services in the Asia Pacific region. During the period, the principal activities of the Group consisted of the development and operation of independent dark fibre infrastructure throughout the Asia Pacific region, and the Group's recent acquisitions expanded its principle activities to include complete network services. Superloop operates in three strategic markets of Australia, Singapore and Hong Kong and the operations of the Group are reported in these segments to Superloop's executive management team (chief operating decision maker). Items not specifically related to an individual segment are classified as Corporate, refer below for details of material items. The accounting policies of the segments are the same as the Group (refer to note 1).

### (B) Segment information provided to management

The segment information provided to management for the reportable segments is as follows:

	Australia \$	Singapore \$	Hong Kong \$	Total Segments \$	Corporate \$	Total \$
<b>30 JUNE 2016</b>						
Revenue	5,463,378	738,006	-	6,201,384	47,369	6,248,753
Other gains and losses	-	745,617	-	745,617	-	745,617
Direct network costs	(3,950,895)	(927,328)	(185,583)	(5,063,806)	-	(5,063,806)
<b>PROFIT AFTER DIRECT NETWORK COSTS</b>	<b>1,512,483</b>	<b>556,295</b>	<b>(185,583)</b>	<b>1,883,195</b>	<b>47,369</b>	<b>1,930,564</b>
Employee benefits expense	(1,951,090)	(685,307)	(251,868)	(2,888,265)	(1,279,876)	(4,168,141)
Other expenses	(890,118)	(247,941)	(285,232)	(1,423,291)	(1,955,149)	(3,378,440)
Bad debt expense	(20,990)	-	-	(20,990)	-	(20,990)
<b>EBITDA</b>	<b>(1,349,715)</b>	<b>(376,953)</b>	<b>(722,683)</b>	<b>(2,449,351)</b>	<b>(3,187,656)</b>	<b>(5,637,007)</b>
Depreciation and amortisation	(526,770)	(1,097,455)	-	(1,624,225)	(257,744)	(1,881,969)
Foreign exchange gains / (losses)	(7,844)	(239,527)	11,316	(236,055)	590,921	354,866
<b>LOSS BEFORE INCOME TAX</b>	<b>(1,884,329)</b>	<b>(1,713,935)</b>	<b>(711,367)</b>	<b>(4,309,631)</b>	<b>(2,854,479)</b>	<b>(7,164,110)</b>

Significant items excluded from segments, and classified as corporate are:

- Employee benefits expenses which relate to corporate head office staff.
- Other expenses which relate to office expenses and travel associated with corporate head office activities.

	Australia \$	Singapore \$	Hong Kong \$	Total Segments \$	Corporate \$	Total \$
<b>30 JUNE 2016</b>						
<b>SEGMENT ASSETS</b>						
Cash and cash equivalents	940,244	5,206,150	16,212,721	22,359,115	23,495,020	45,854,135
Other current assets	934,985	740,655	37,217	1,712,857	155,983	1,868,840
Property, plant & equipment	3,095,414	40,167,113	23,588,210	66,850,737	-	66,850,737
Intangible assets	11,762,570	576,818	-	12,339,388	23,821	12,363,209
Other non-current assets	7,180	-	-	7,180	10,000	17,180
<b>TOTAL ASSETS</b>	<b>16,740,393</b>	<b>46,690,736</b>	<b>39,838,148</b>	<b>103,269,277</b>	<b>23,684,824</b>	<b>126,954,101</b>

Significant items excluded from segments, and classified as corporate are:

- Cash and cash equivalents held by the parent entity, which are available for use by the segments as required.
- Current assets which include prepayments and other receivables associated with corporate head office activities.



# Notes to the Consolidated Financial Report

	Australia \$	Singapore \$	Hong Kong \$	Total Segments \$	Corporate \$	Total \$
<b>30 JUNE 2015</b>						
Revenue	-	-	-	-	7,217	7,217
Direct network costs	(75,900)	(214,148)	-	(290,048)	-	(290,048)
<b>PROFIT AFTER DIRECT NET- WORK COSTS</b>	<b>(75,900)</b>	<b>(214,148)</b>	<b>-</b>	<b>(290,048)</b>	<b>7,217</b>	<b>(282,831)</b>
Employee benefits expense	(296,426)	(204,397)	(221,485)	(722,308)	(413,082)	(1,135,390)
Other expenses	(364,192)	(454,821)	(8,348)	(827,361)	(1,301,906)	(2,129,267)
Bad debt expense	-	-	-	-	-	-
<b>EBITDA</b>	<b>(736,518)</b>	<b>(873,366)</b>	<b>(229,833)</b>	<b>(1,839,717)</b>	<b>(1,707,771)</b>	<b>(3,457,488)</b>
Depreciation and amortisation	(78,976)	(510,801)	-	(589,777)	-	(589,777)
Finance charge	(13,821)	(459,800)	(2,251)	(475,872)	(2)	(475,874)
Foreign exchange gains / (losses)	(718)	87,778	25,698	112,758	3,306,939	3,419,697
<b>LOSS BEFORE INCOME TAX</b>	<b>(830,033)</b>	<b>(1,756,189)</b>	<b>(206,386)</b>	<b>(2,792,608)</b>	<b>1,599,166</b>	<b>(1,193,442)</b>

Significant items excluded from segments, and classified as corporate are:

- Employee benefits expenses which relate to corporate head office staff.
- Other expenses which relate to office expenses and travel associated with corporate head office activities.

	Australia \$	Singapore \$	Hong Kong \$	Total Segments \$	Corporate \$	Total \$
<b>30 JUNE 2015</b>						
<b>SEGMENT ASSETS</b>						
Cash and cash equivalents	411,583	8,076,434	-	8,488,017	9,523,883	18,011,900
Other current assets	73,731	354,566	22,348	450,645	100,423	551,068
Property, plant & equipment	621,286	32,947,308	7,802	33,576,396	-	33,576,396
Intangible assets	4,300,000	-	-	4,300,000	-	4,300,000
<b>TOTAL ASSETS</b>	<b>5,406,600</b>	<b>41,378,308</b>	<b>30,150</b>	<b>46,815,058</b>	<b>9,624,306</b>	<b>56,439,364</b>

Significant items excluded from segments, and classified as corporate are:

- Cash and cash equivalents held by the parent entity, which are available for use by the segments as required.
- Current assets which include prepayments and other receivables associated with corporate head office activities.

# Notes to the Consolidated Financial Report

## 5. REVENUE

	30 June 2016 \$	30 June 2015 \$
<b>From continuing operations</b>		
Customer revenue	6,197,637	-
<b>Other revenue</b>		
Interest income	50,700	7,217
Other income	416	-
<b>TOTAL REVENUE</b>	<b>6,248,753</b>	<b>7,217</b>

## 6. OTHER GAINS FROM TRANSACTIONS WITH CUSTOMERS

	Note	30 June 2016 \$	30 June 2015 \$
Gain on disposal of property, plant and equipment	(A)	745,617	-
<b>TOTAL OTHER GAINS FROM TRANSACTIONS WITH CUSTOMERS</b>		<b>745,617</b>	<b>-</b>

(A) During the year the Group sold a small number of fibre cores between two points of interconnection to a customer. The transaction has been accounted for as a disposal of an asset, and the revenue has been recognised as a gain on disposal of property, plant and equipment. In addition to the sale, the Group has entered into an operation and maintenance agreement with the customer. The fee payable under the operation and maintenance agreement is payable monthly and will be recognised on a monthly basis as the operations and maintenance services are provided.

## 7. INTEREST ON LOANS

	Note	30 June 2016 \$	30 June 2015 \$
Interest on loans	(A)	-	(475,874)
<b>TOTAL INTEREST ON LOANS</b>		<b>-</b>	<b>(475,874)</b>

### (A) INTEREST ON LOANS

The Company's initial operations, including the acquisition of the Singapore duct network, were funded by loans from the Founding Shareholder. Interest on those loans was charged at the Reserve Bank of Australia cash rate (from time to time) plus 1%. Refer to Note 29 for related party transactions.

# Notes to the Consolidated Financial Report

## 8. FOREIGN EXCHANGE GAINS

	Note	30 June 2016 \$	30 June 2015 \$
Foreign exchange gains	(A)	354,866	3,419,697
<b>TOTAL FOREIGN EXCHANGE GAINS</b>		<b>354,866</b>	<b>3,419,697</b>

### (A) FOREIGN EXCHANGE GAINS

Foreign exchange gains for the current year arose as a result of favourable exchange rate movements in the ordinary course of business. During the previous year the Group realised foreign exchange gains. This included a significant one-off gain associated with the acquisition of the duct network in Singapore, which was initially funded via a loan from the Company's Founding Shareholder. The gain arose due to the time between the Group borrowing the funds and the settlement of the acquisition.

## 9. INCOME TAX EXPENSE

	30 June 2016 \$	30 June 2015 \$
<b>(a) Current tax</b>		
In respect of the current year	-	-
in respect of prior years	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax revenue included in income tax credit comprises:</b>		
- Decrease / (increase) in deferred tax assets (Note 15)	-	-
- (Decrease) / increase in deferred tax liabilities (Note 20)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>(b) Numerical reconciliation of income tax credit to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(7,164,110)	(1,193,442)
Tax credit at the Australian tax rate of 30%	2,149,233	358,033
Effect of income that is exempt from taxation @ 30%	223,685	991,633
Effect of different tax rates of subsidiaries operating in other jurisdictions	(389,234)	(324,746)
Effect of current year tax losses for which no deferred tax asset has been recognised	(1,860,502)	(827,768)
Effect of current year timing differences for which no deferred tax asset has been recognised	(123,182)	(197,152)
<b>INCOME TAX EXPENSE / (BENEFIT)</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred Tax Assets from Tax losses</b>		
Deferred tax assets from current tax losses which have not been recognised	1,860,502	827,768
Deferred tax assets from prior tax losses which have not been recognised	915,934	88,166
Change in prior year loss estimate	(69,123)	-
<b>TOTAL DEFERRED TAX ASSETS FROM LOSSES NOT RECOGNISED</b>	<b>2,707,313</b>	<b>915,934</b>

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

# Notes to the Consolidated Financial Report

## 10. CASH AND CASH EQUIVALENTS

	Note	30 June 2016 \$	30 June 2015 \$
Cash at bank and in hand		44,819,436	17,046,020
Deposits with a term of 3 months or shorter	(A)	1,034,699	965,880
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>45,854,135</b>	<b>18,011,900</b>

### (A) DEPOSITS WITH A TERM OF 3 MONTHS OR SHORTER

At 30 June 2016, the Group held \$1,034,699 of deposits which had a term of 3 months or shorter (30 June 2015: \$965,880). The Group has pledged SGD1m (held as a term deposit) as security for a bank guarantee facility (refer note 17)

## 11. TRADE AND OTHER RECEIVABLES

	Note	Current	Non- Current	30 June 2015 \$ TOTAL
Trade receivables	(A)	1,263,033	-	1,263,033
Provision for impairment	(B)	(20,990)	-	(20,990)
<b>Net trade receivables</b>		<b>1,242,043</b>	<b>-</b>	<b>1,242,043</b>
Consumption tax receivable	(C)	155,071	-	155,071
Receivables- related parties		176	-	176
<b>TOTAL</b>		<b>1,397,290</b>	<b>-</b>	<b>1,397,390</b>

	Note	Current	Non- Current	30 June 2015 \$ TOTAL
Trade receivables		-	-	-
Provision for impairment		-	-	-
<b>Net trade receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
Consumption tax receivable	(C)	190,483	-	190,483
Other receivables		355	-	355
Receivables- related parties		29	-	29
<b>TOTAL</b>		<b>190,867</b>	<b>-</b>	<b>190,867</b>

# Notes to the Consolidated Financial Report

## (A) PAST DUE BUT NOT IMPAIRED

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

### Age of Trade Receivables that are past due but not impaired

	30 June 2016	30 June 2015
	\$	\$
60-90 days	61,661	-
90 days plus	20,661	-
<b>TOTAL DAYS DUE BUT NOT IMPAIRED</b>	<b>82,322</b>	<b>-</b>

## (B) IMPAIRED TRADE RECEIVABLES

As at 30 June 2016, the Group had one impaired receivable in Australia, for which it has raised a provision of \$20,990 through the consolidated statement of comprehensive income representing the full outstanding amount.

### Age of Impaired Trade Receivables

	30 June 2016	30 June 2015
	\$	\$
0-60 days	6,600	-
60-90 days	6,600	-
90 days plus	7,790	-
<b>TOTAL DAYS DUE AND IMPAIRED</b>	<b>20,990</b>	<b>-</b>

## Movement in Provision for Impairment

	30 June 2016	30 June 2015
	\$	\$
Balance at beginning of the year	-	-
Impairment losses recognised on receivables	20,990	-
<b>BALANCE AT THE END OF THE YEAR</b>	<b>20,990</b>	<b>-</b>

## (C) CONSUMPTION TAX RECEIVABLE

These amounts generally arise from consumption tax paid by the Group in the respective tax jurisdictions in which the Group operates and where a consumption tax exists. Ordinarily these amounts are offset against the consumption tax collected by the Group as part of its sales and the net amount remitted to the local tax authorities, however where the amount of consumption tax paid by the Group per jurisdiction is greater than the amount collected from sales to customers in that jurisdiction, a receivable is raised.

## 12. OTHER ASSETS

	30 June 2016	30 June 2015
	\$	\$
<b>CURRENT</b>		
Prepayments	471,550	360,201
<b>TOTAL OTHER ASSETS – CURRENT</b>	<b>471,550</b>	<b>360,201</b>
<b>NON-CURRENT</b>		
Other non-current assets	17,180	-
<b>TOTAL OTHER ASSETS – NON-CURRENT</b>	<b>17,180</b>	<b>-</b>

# Notes to the Consolidated Financial Report

## 13. PROPERTY, PLANT AND EQUIPMENT

	30 June 2016	30 June 2015
	\$	\$
Carrying amounts of:		
Assets in the course of construction	27,047,827	5,654,845
Network assets	36,498,075	27,910,760
Fibre Optic Cable	3,102,595	-
Computer equipment	42,679	10,791
Office furniture and equipment	148,760	-
Leasehold improvements	10,801	-
<b>TOTAL</b>	<b>66,850,737</b>	<b>33,576,396</b>

	Assets in the course of construction	Network assets	Fibre optic cable	Computer equipment	Office furniture and equipment	Leasehold improve- ments	Total
	\$	\$	\$	\$	\$	\$	\$

### Cost or Valuation

<b>OPENING BALANCE AS AT 28 APRIL 2014</b>	-	-	-	-	-	-	-
Additions	5,856,150	28,222,788	-	14,499	-	-	34,093,437
Transfers	(201,305)	201,305	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2015</b>	<b>5,654,845</b>	<b>28,424,093</b>	<b>-</b>	<b>14,499</b>	<b>-</b>	<b>-</b>	<b>34,093,437</b>
Additions	33,201,161	31,184	-	13,186	6,396	-	33,251,927
Additions through business combinations (note 37)	-	226,820	-	-	-	-	226,820
Movement in foreign exchange	181,037	964,988	-	497	-	-	1,146,522
Disposals	-	(7,245)	(5,524)	-	-	-	(12,769)
Transfers	(11,989,216)	8,524,364	3,190,838	32,373	230,840	10,801	-
<b>BALANCE AT 30 JUNE 2016</b>	<b>27,047,827</b>	<b>38,164,204</b>	<b>3,185,314</b>	<b>60,555</b>	<b>237,236</b>	<b>10,801</b>	<b>68,705,937</b>

# Notes to the Consolidated Financial Report

	Assets in the course of construction \$	Network assets \$	Fibre optic cable \$	Computer equipment \$	Office furniture and equipment \$	Leasehold improvements \$	Total \$
<b>Accumulated depreciation</b>							
<b>OPENING BALANCE AS AT 28 APRIL 2014</b>	-	-	-	-	-	-	-
Depreciation charge (YTD)	-	(511,167)	-	(3,610)	-	-	(514,777)
Movement in foreign exchange	-	(2,166)	-	(98)	-	-	(2,264)
<b>BALANCE AT 30 JUNE 2015</b>	-	<b>(513,333)</b>	-	<b>(3,708)</b>	-	-	<b>(517,041)</b>
Depreciation charge (YTD)	-	(1,126,635)	(82,030)	(13,962)	(88,454)	-	(1,311,081)
Disposals	-	81	74	-	-	-	155
Movement in foreign exchange	-	(26,242)	(763)	(206)	(22)	-	(27,233)
<b>BALANCE AT 30 JUNE 2016</b>	-	<b>(1,666,129)</b>	<b>(82,719)</b>	<b>(17,876)</b>	<b>(88,476)</b>	-	<b>(1,855,200)</b>
<b>CARRYING VALUE 2016</b>	<b>27,047,827</b>	<b>36,498,075</b>	<b>3,102,595</b>	<b>42,679</b>	<b>148,760</b>	<b>10,801</b>	<b>66,850,737</b>
<b>CARRYING VALUE 2015</b>	<b>5,653,845</b>	<b>27,910,760</b>	-	<b>10,791</b>	-	-	<b>33,576,396</b>

## Assets in the course of construction:

Superloop has entered into an agreement with a leading corporation to establish a fibre optic telecommunications network in Hong Kong. The fibre optic telecommunications network will have a 14-month construction timeline and will comprise an initial network of approximately 110 kilometers across Hong Kong's key data center campuses and enterprise buildings, when completed. Superloop will hold a 25 year indefeasible right of use over the infrastructure, with two (2) further five (5) year options to extend the length of the agreement. As at the date of this report, Superloop had made the first installment payments due under the agreement of \$22.8m. These initial payments have been recognised as an asset in the course of construction within the Statement of Financial Position. The remaining payments of \$21m are linked to performance milestones associated with the construction timeline and are included in Note 28 of this report.

## 14. INTANGIBLE ASSETS

	30 June 2016 \$	30 June 2015 \$
Carrying amounts of:		
Development costs	23,820	-
Rights and licences	4,185,744	4,300,000
Software	1,576,957	-
Customer relationships, brands and trademarks	551,246	-
Goodwill	6,025,442	-
<b>TOTAL</b>	<b>12,363,209</b>	<b>4,300,000</b>

# Notes to the Consolidated Financial Report

Movements	Development costs	Rights and licences	Software	Customer, brand and trademarks	Goodwill	Total
	\$	\$	\$	\$	\$	\$
<b>Cost or valuation</b>						
<b>OPENING BALANCE AS AT 28 APRIL 2014</b>	-	-	-	-	-	-
Additions – externally acquired	-	4,375,000	-	-	-	4,375,000
<b>BALANCE AS AT 30 JUNE 2015</b>	-	<b>4,375,000</b>	-	-	-	<b>4,375,000</b>
Additions through business combinations (refer note 36)	-	-	1,720,487	581,000	6,025,442	8,326,929
Other additions	23,820	185,784	91,289	-	-	300,893
Movements in foreign exchange	-	6,365	-	-	-	6,365
<b>BALANCE AS AT JUNE 2016</b>	<b>23,820</b>	<b>4,567,149</b>	<b>1,811,766</b>	<b>581,000</b>	<b>6,025,442</b>	<b>13,009,187</b>
<b>Accumulated amortisation</b>						
<b>OPENING BALANCE AS AT 28 APRIL 2014</b>	-	-	-	-	-	-
Accumulated amortisation	-	(75,000)	-	-	-	(75,000)
<b>BALANCE AS AT 30 JUNE 2015</b>	-	<b>(75,000)</b>	-	-	-	<b>(75,000)</b>
Accumulated amortisation	-	(306,315)	(234,819)	(29,754)	-	(570,888)
Movements in foreign exchange	-	(90)	-	-	-	(90)
<b>BALANCE AS AT JUNE 2016</b>	-	<b>(381,405)</b>	<b>(234,819)</b>	<b>(29,754)</b>	-	<b>(645,978)</b>
<b>CARRYING VALUE 2016</b>	<b>23,820</b>	<b>4,185,744</b>	<b>1,576,957</b>	<b>551,246</b>	<b>6,025,442</b>	<b>12,363,209</b>
<b>CARRYING VALUE 2015</b>	-	<b>4,300,000</b>	-	-	-	<b>4,300,000</b>

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	30 June 2016	30 June 2015
	\$	\$
APEXN Pty Ltd	3,197,845	-
CINENET Systems Pty Ltd	2,827,597	-
<b>TOTAL INTANGIBLE ASSETS - GOODWILL</b>	<b>6,025,442</b>	<b>-</b>

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount for the cash-generating units is determined based on a value in use calculation which is based on the present value of future forecast cash earnings, as measured by earnings before interest expense, taxes, depreciation and amortisation (EBITDA). The forecast earnings are based on financial budgets approved by the Board covering a two-year period with the earnings beyond the two-year period being extrapolated using a per annum growth rate. A pre-tax discount rate of 12.5% has been assumed, representing the long term average and includes a risk-premium given the early nature of the Group's business venture.

For both cash-generating units, impairment testing has indicated that the carrying amount will not exceed the recoverable amount, therefore no impairment loss on goodwill has been identified.



# Notes to the Consolidated Financial Report

## 15. DEFERRED TAX ASSETS

	30 June 2016	30 June 2015
	\$	\$
<b>DEFERRED TAX ASSETS ATTRIBUTABLE TO:</b>		
Employee benefits	100,265	14,778
Expenses deductible in future years	71,245	226,701
Tax credits from tax losses	2,707,313	915,934
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>2,878,823</b>	<b>1,157,413</b>
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 20)	(48,329)	(44,328)
Deferred tax assets not recognised	(2,830,494)	(1,113,085)
<b>DEFERRED TAX ASSETS NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>-</b>	<b>-</b>

## 16. TRADE AND OTHER PAYABLES

	30 June 2016	30 June 2015
	\$	\$
Trade payables	2,803,428	903,041
Other payables	94,745	16,859
Accrued expenses	3,680,920	1,665,777
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>6,579,093</b>	<b>2,585,677</b>

## 17. INTEREST-BEARING LOANS AND BORROWINGS

The Company had no debt outstanding as at 30 June 2016.

The Company had a Bank Guarantee Facility at 30 June 2016 of \$900,000, with \$295,606 drawn as security against the Group's lease commitments for its corporate office located at 333 Ann Street, Brisbane.

In the prior year the Company had a Bank Guarantee drawn as a performance bond of SGD260,000 as security against the Company's FBO licence obligation in Singapore to install at least 80kms of fibre optic cable by 30 June 2015. The Company met this obligation and the Bank Guarantee was released.

	30 June 2016	30 June 2015
	\$	\$
Bank guarantee facility- available	604,394	624,951
Bank guarantee facility- utilised	295,606	275,049

## 18. PROVISIONS

	30 June 2016	30 June 2015
	\$	\$
Current - employee benefits	342,124	83,777
Non-current - employee benefits	69,303	-
<b>TOTAL PROVISIONS</b>	<b>411,427</b>	<b>83,777</b>

The provision for employee benefits represents annual leave and long service leave entitlements accrued.

# Notes to the Consolidated Financial Report

## 19. DEFERRED REVENUE

	30 June 2016	30 June 2015
	\$	\$
Deferred IRU revenue	195,432	-
Deferred installation fees	31,340	-
<b>TOTAL DEFERRED REVENUE</b>	<b>226,772</b>	<b>-</b>
Current	204,314	-
Non-current	22,458	-
<b>TOTAL DEFERRED REVENUE</b>	<b>226,772</b>	<b>-</b>

## 20. DEFERRED TAX LIABILITIES

	30 June 2016	30 June 2015
	\$	\$
Deferred tax liabilities attributable to:		
Prepayments	3,803	44,328
Amortisation of intangible assets	44,526	-
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>48,329</b>	<b>44,328</b>
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 15)	(48,329)	(44,328)
<b>DEFERRED TAX LIABILITIES RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>-</b>	<b>-</b>

## 21. CONTRIBUTED EQUITY

### (A) SHARE CAPITAL

	Note	30 June 2016 Number of Shares	30 June 2015 Number of Shares	30 June 2016 \$	30 June 2015 \$
Fully paid ordinary shares	(C)	128,243,301	90,000,000	134,106,147	58,800,142
<b>TOTAL SHARE CAPITAL</b>		<b>128,243,301</b>	<b>90,000,000</b>	<b>134,106,147</b>	<b>58,800,142</b>
Less: issue costs				(2,919,783)	(655,348)
<b>CONTRIBUTED EQUITY</b>		<b>128,243,301</b>	<b>90,000,000</b>	<b>131,186,364</b>	<b>58,144,794</b>

# Notes to the Consolidated Financial Report

## (B) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price \$	Value \$
28-Apr-14	Opening Balance	1	1.00	1
15-Sep-14	New share issue	141	1.00	141
<b>27-MAR-15</b>	<b>SHARE SPLIT</b>	<b>20,875,000</b>	<b>0.00</b>	<b>142</b>
27-Mar-15	Director loan conversion	37,500,000	0.80	30,000,000
27-Mar-15	Purchase of Superloop (Australia) Pty Ltd	1,625,000	0.80	1,300,000
02-Apr-15	Private placement	12,500,000	0.80	10,000,000
26-May-15	Initial public offering	17,500,000	1.00	17,500,000
<b>30-JUN-15</b>	<b>BALANCE</b>	<b>90,000,000</b>		<b>58,800,142</b>
16-Oct-15	Partial consideration for acquisition of APEXN Pty Ltd (i)	897,666	2.23	2,000,000
30-Nov-15	Partial consideration for acquisition of CINENET Systems Pty Ltd (i)	677,812	2.21	1,500,000
11-Dec-15	Share placement	22,045,000	1.90	41,885,500
30-Dec-15	Share purchase plan	3,937,118	1.90	7,480,524
29-Jun-16	Entitlement offer (institutional component) (ii)	10,685,705	2.10	22,439,981
<b>30-JUN-16</b>	<b>BALANCE</b>	<b>128,243,301</b>		<b>134,106,147</b>

(i) These share issues were non-cash transactions (refer to Note 31).

(ii) The retail component of the Entitlement Offer was completed on 15 July 2016 with 6,109,637 shares issued on 21 July 2016 at \$2.10 per share.

## (C) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

## (D) DIVIDEND REINVESTMENT PLAN

The Group does not have a dividend reinvestment plan in place.

## (E) CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In future, the Directors may pursue other funding options such as debt, sale and leaseback of assets, additional equity and various other funding mechanisms as appropriate in order to undertake its projects and deliver optimum shareholders' return. The Group intends to maintain a gear ratio appropriate for a company of its size and position of development.

	30 June 2016	30 June 2015
	\$	\$
Total borrowings (as per note 17)	-	-
Less: cash and cash equivalents	45,854,135	18,011,900
<b>NET DEBT / (SURPLUS CASH)</b>	<b>(45,854,135)</b>	<b>(18,011,900)</b>
<b>TOTAL EQUITY</b>	<b>119,736,809</b>	<b>53,769,910</b>
<b>GEARING RATIO</b>	<b>(38.3%)</b>	<b>(33.5%)</b>

# Notes to the Consolidated Financial Report

The Group plans to manage its capital structure by reviewing its gearing ratio to ensure it maintains an appropriate level of gearing within any potential facility covenants. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing financial liabilities and derivatives financial instruments, less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

## 22. RESERVES

	30 June 2016	30 June 2015
	\$	\$
Opening balance	145,592	-
Cash flow hedge reserve <sup>(1)</sup>	(368,560)	-
Foreign currency translation reserves <sup>(2)</sup>	457,999	145,592
<b>TOTAL RESERVES</b>	<b>235,031</b>	<b>145,592</b>

(1) The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising from changes in fair value of the hedging instruments that are recognised and accumulated in the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included in the carrying value of a fixed asset where the purpose of the hedge was to minimise the exposure on a contractual commitment to acquire or construct a fixed asset.

(2) The assets and liabilities of foreign operations are translated into the presentation currency (Australian dollars) using the exchange rates as at the reporting date. The revenues and expenses of the foreign operations are translated into the presentation currency using the average exchange rates, which approximate the rate at the date of the transaction. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve.

## 23. ACCUMULATED LOSSES

Movements	30 June 2016	30 June 2015
	\$	\$
Opening balance	(1,193,442)	-
Loss for the year	(7,164,110)	(1,193,442)
<b>TOTAL ACCUMULATED LOSSES</b>	<b>(8,357,552)</b>	<b>(1,193,442)</b>

## 24. DIVIDENDS

No dividends were paid or were declared payable by the Group during the year ended 30 June 2016.

## 25. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (A) KEY MANAGEMENT PERSONNEL COMPENSATION

	30 June 2016	30 June 2015
	\$	\$
Short-term employee benefits	1,913,563	246,479
Post-employment benefits	132,830	22,075
Long-term employee benefits	61,416	-
Share-based payments	-	-
<b>TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION</b>	<b>2,107,809</b>	<b>268,554</b>

Detailed remuneration disclosures are provided in the Remuneration Report.

# Notes to the Consolidated Financial Report

## (B) LOANS TO KEY MANAGEMENT PERSONNEL

Certain key management personnel were eligible to participate in a loan scheme provided by a related party to enable them to acquire shares as part of the private place capital raising undertaken by the Group. Under the terms and conditions of the loan scheme the full principal and interest due at the end of the term. If the employee resigns or leaves the Group before the end of the original loan term, the loan plus any accrued interest is repayable immediately.

The Group does not guarantee or have any obligations with respect to the loan agreement between the employee and the related party. Details of the loan terms and conditions are provided in the Remuneration Report.

## (C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel during the period not otherwise disclosed in the report.

## 26. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### (A) DELOITTE TOUCHE TOHMATSU

	30 June 2016	30 June 2015
	\$	\$
Parent Entity Auditor		
(i) Audit, review of financial statements	107,670	47,250
(ii) Audit, review of subsidiary statutory reports	14,500	-
Network Firm of the Parent Entity Auditor		
(iii) Audit, review of subsidiary statutory reports	24,432	-
<b>TOTAL REMUNERATION OF DELOITTE</b>	<b>146,602</b>	<b>47,250</b>

The Group may decide to employ the auditor (Deloitte) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out above.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

### (B) RELATED PRACTICES OF DELOITTE TOUCHE TOHMATSU

The following fees were paid for services provided by Deloitte Corporate Finance Pty Ltd, a related practice of Deloitte Touche.

	30 June 2016	30 June 2015
	\$	\$
Investigating accountant for the listing of Superloop on the ASX	-	47,820
<b>TOTAL REMUNERATION OF DELOITTE TOHMATSU RELATED PRACTICES</b>	<b>-</b>	<b>47,820</b>

### (C) NON-DELOITTE AUDIT FIRMS

Superloop Limited did not engage with any other non-Deloitte audit firms.

# Notes to the Consolidated Financial Report

## 27. OPERATING LEASE ARRANGEMENTS

Operating leases relate to the leasing of office premises and network communication equipment, which were existing leases acquired through the acquisition of APEXN Pty Ltd.

The Group has entered lease terms for office space of up to four years in length. During the year the Group entered into a lease arrangement for office space in Singapore. Recently the Group entered into new arrangements for office space in Brisbane, Melbourne and Hong Kong that commence in the 2017 financial year. The office space in Singapore and Brisbane are longer term leases which both include options to renew the leases for further terms, and the Brisbane lease includes an annual fixed percentage increase in the lease payments. The Melbourne and Hong Kong leases are less than 12 months in initial duration and have been entered into to accommodate staff on a short-term basis as the business develops.

For the year ended 30 June 2016, the Group made operating lease payments for its office premises in Singapore and the network communication equipment.

Payments recognised as an expense under operating leases are as follows:

	30 June 2016	30 June 2015
	\$	\$
Minimum lease payments	137,817	-
<b>TOTAL OPERATING LEASE ARRANGEMENTS</b>	<b>137,817</b>	<b>-</b>

Non-cancellable operating lease rentals are payable as follows:

	30 June 2016	30 June 2015
	\$	\$
Not later than 1 year	574,050	-
Later than 1 year and not later than 5 years	1,199,262	-
Later than 5 years	-	-
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>	<b>1,773,312</b>	<b>-</b>

## 28. COMMITMENTS AND CONTINGENCIES

### (A) CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of each reporting year but not recognised as liabilities is as follows:

	30 June 2016	30 June 2015
	\$	\$
Property, plant and equipment	24,953,584	2,123,575
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>24,953,584</b>	<b>2,123,575</b>

Capital commitments disclosed above relate to contracted capital commitments associated with network expansion including a total of \$21.4m to complete payment for the Hong Kong network, \$3m committed to the Singapore network and \$0.5m across other networks.

Non-cancellable operating lease commitments are disclosed in note 27 to the financial statements.

### (B) CONTINGENT ASSETS

The Group did not have any contingent assets during the year or as at the date of this report.

### (C) CONTINGENT LIABILITIES

The Group did not have any contingent liabilities during the year or as at the date of this report.

# Notes to the Consolidated Financial Report

## 29. RELATED PARTY TRANSACTIONS

The following is a summary of the transactions with related parties and/or companies under the control of the founding shareholder.

### Shared services agreement

The Group has entered into a shared services agreement with Capital B Pty Ltd ACN 162 622 282 (Capital B), a company controlled by the Founder. Under the agreement, Capital B provides certain services to the Group (e.g. administrative and information technology services) and a right to use Capital B's premises at 14-16 Church Street, Fortitude Valley, Queensland. The services are charged on the basis of the actual cost to Capital B, allocated on the time Capital B employees spend providing services to the Group. The right to use the premises is based on a proportion of the lease expenses (between Bevan Slattery as trustee for the Church Street Trust and Capital B), associated with the Group's use of the premises. The head lease is on arm's length terms. The obligations on Capital B under the agreement are typical for a services agreement, and require that Capital B provide the services with due care, skill and judgment, comply with the law in providing the services and effect appropriate insurance. Capital B may seek reimbursement for certain expenses incurred in connection with the provision of services under the agreement. Either party may terminate the agreement for convenience on 60 days' written notice.

Prior to the end of the financial year, the Group entered into a revision of the agreement with Capital B which provides for, in addition to certain services provided by Capital B to the Group, certain administrative services to be also provided by Superloop to Capital B as well as the right for Capital B to occupy a portion of the Group's premises at Level 17, 333 Ann Street, Brisbane. The services, and the right to occupy the premises, are provided on arm's length terms.

### Customer agreement with Megaport

Superloop, via its operating subsidiaries, has entered into customer agreements for the provision of connectivity services with Megaport Limited ACN 607 301 969 and its operating subsidiaries (Megaport). The Founder and significant shareholder of Superloop is also the Founder and significant shareholder of Megaport. Under the agreements, the customer (Megaport) issues a service order form to the Superloop operating entity (as applicable) which sets out the nature of and the applicable monthly fees for the connectivity services. The master services agreements are on the same terms as other master services agreements between Superloop and unrelated customers (with some variance to the master services agreement with Megaport SG to reflect Singaporean law) and the fees in each current service order form are at competitive market rates.

### Common control business combinations

Refer to note 34 for information on common control business combinations.

### Interest to the Founding Shareholder's Loans

The Company's initial operations in the prior year, including the acquisition of the Singapore duct network, were funded by loans from the Founding Shareholder. In the prior year, the majority of the loans were converted to equity at \$0.80 per share, with a portion repaid from the proceeds of a private placement capital raising (refer note 21). Interest on those loans was charged at the Reserve Bank of Australia cash rate (from time to time) plus 1%.

### Loans to key Management Personnel

Certain key management personnel were eligible to participate in a loan scheme provided by a related party to enable them to acquire shares as part of the private placement capital raising undertaken by the Group in the prior year.

## PROVISION OF SERVICES TO/FROM RELATED PARTIES

	30 June 2016	30 June 2015
	\$	\$
SALES OF GOODS / SERVICES		
Revenue earned from related parties	260,143	-
PROVISION OF SERVICES TO SUPERLOOP		
Payments to related parties for provision of shared services and rent	1,023,689	842,156
Balance outstanding at year end		
Receivables	260,143	-
Trade and other payables	41,171	421,099

# Notes to the Consolidated Financial Report

## LOANS TO/FROM RELATED PARTIES

	30 June 2016 \$	30 June 2015 \$
Beginning of the year	-	-
Interest charged	-	475,874
Loans received from related parties	-	34,232,343
Loans acquired as part of the purchase of subsidiaries	-	7,085,344
Foreign exchange (gain) / loss	-	(3,293,561)
Amounts converted to equity	-	(30,000,000)
Amounts repaid to related parties	-	(8,500,000)
<b>END OF THE YEAR</b>	<b>-</b>	<b>-</b>

## 30. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	30 June 2016 \$	30 June 2015 \$
Loss for the year after income tax	(7,164,110)	(1,193,442)
Adjust for:		
Interest income	(50,700)	(7,217)
Depreciation and amortisation	1,881,969	589,777
Interest expense	-	475,874
Foreign exchange gain / (losses)	(754,899)	(3,300,490)
Proceeds from the sale of property, plant and equipment	(755,719)	-
Transaction costs associated with the acquisition of subsidiaries	55,164	-
<b>SUBTOTAL</b>	<b>(6,788,295)</b>	<b>(3,435,498)</b>
Change in operating assets and liabilities		
Increase in prepayments and other current assets	(775,810)	50,424
(Increase) / decrease in consumption tax	82,250	303,752
Decrease in trade creditors	927,935	316,678
Increase in employee entitlements	223,625	67,079
<b>NET CASH OUTFLOW USED IN OPERATING ACTIVITIES</b>	<b>(6,330,295)</b>	<b>(2,697,565)</b>

## 31. NON-CASH TRANSACTIONS

Current year, the group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

Current year:

- the Group acquired 100% of APEXN Pty Ltd (APEXnetworks) which included non-cash consideration of \$2.0 million in Superloop Limited shares issued at \$2.228; and
- the Group acquired 100% of CINENET Systems Pty Ltd which included non-cash consideration of \$1.5 million in Superloop Limited shares issued at \$2.213.

Refer to Note 37 for additional information on these transactions.

Prior year:

- the Group acquired 100% of Superloop (Australia) Pty Ltd which included consideration of \$1.3 million in Superloop Limited shares issued at \$0.80 (refer to note 34).



# Notes to the Consolidated Financial Report

## 32. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial instruments:

	30 June 2016 \$	30 June 2015 \$
<b>Financial assets</b>		
Cash and cash equivalents	44,819,436	17,046,020
Term deposits	1,034,699	965,880
Trade and other receivables	1,370,090	190,867
Other non-current assets	17,180	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>47,241,405</b>	<b>18,202,767</b>
<b>Financial liabilities</b>		
Trade and other payables	6,579,093	2,585,677
Interest-bearing borrowings	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>6,579,093</b>	<b>2,585,677</b>

### (A) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, price risk and interest rate risk.

#### (i) Foreign exchange risk

Superloop is exposed to exchange rate movements, in particular movements in the A\$/US\$ rate, A\$/S\$ and S\$/US\$. Because a proportion of Superloop's payments for inventory and construction work are made or are expected to be made in foreign currency, primarily US dollars, movements in exchange rates impact on the amount paid for assets, inventory and construction work. Also, because a proportion of Superloop's revenues and profits are likely to be earned in Singapore, movements in exchange rates impact on the translation of account balances in Superloop's Singapore operations. Therefore, movements in exchange rates, particularly the A\$/US\$ rate, the A\$/S\$ and the S\$/US\$ rate, may have an impact on Superloop's financial position and performance.

During the year the Group entered into a contract for the establishment of a Hong Kong network. The payment terms and conditions are expressed in USD, with the payment dates linked to performance milestones related to the completion of various stages of the network. The Group funded this commitment via an AUD equity raising completed in December 2015. The Group elected to mitigate a large portion of the AUD / USD exchange rate risk arising from the commitment by converting AUD to USD and holding it in a USD bank account. The Group has designated this transaction as a hedging transaction and accounted for it as per the Group's accounting policy (refer note 1(y)). At 30 June 2016, the value of the hedging funds were USD12.5m. The hedge is expected to fully mature within the next financial year, when the performance milestones for the contractual payments for the establishment of the Hong Kong network are achieved.

#### (ii) Price risk

The Group is not exposed to any equity securities price risk or commodity price risk.

#### (iii) Cash flow and fair value interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group's main interest rate risk arises from its cash at bank and term deposits (refer Note 10).

#### (iv) Sensitivity

At 30 June 2016, if interest rates had increased by 100 or decreased by 100 basis points from the year end rates, and the cash balances remain constant for the year along with all other variables, profit before tax for the year would be impacted \$456,955 higher / \$456,955 lower.

# Notes to the Consolidated Financial Report

## (B) CREDIT RISK

Credit risk arises from cash and cash equivalents, trade receivables, other receivables and loans receivable.

### (i) Cash and cash equivalents

Deposits are placed with Australian banks.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

### Cash at Bank and Short-Term Deposits

	30 June 2016	30 June 2015
	\$	\$
AA rated	45,854,135	18,011,900
A+ rated	-	-
BBB+ rated	-	-
<b>TOTAL</b>	<b>45,854,135</b>	<b>18,011,900</b>

In determining the credit quality of the financial assets, Superloop has used the long-term rating from Standard & Poor's as of July 2016.

### (i) Trade receivables

Customer credit risk is managed by performing a credit assessment of customers. The Group's standard payment terms are 30 days, but the Group may agree to longer payment terms. The Group does not require collateral in respect of financial assets.

Outstanding customer receivables are monitored regularly.

The Group aims to minimise concentration of credit risk by undertaking transactions with a large number of customers. In addition, receivable balances are monitored on an ongoing basis with the intention that the Group's exposure to bad debts is minimised. As at 30 June 2016, the Group had \$1,263,033 customer trade receivables (refer note 11).

### (ii) Loans to related parties

Loans to related parties are not provided within the Group's normal operating activities. Loans to related parties are only provided on commercial terms after a risk assessment has been performed and only with approval from the Board of Directors. The Group's maximum exposure to credit risk in respect of loans to related parties is its carrying value. The Group does not require collateral in respect of loans to related parties.

## (C) LIQUIDITY RISK

Superloop's business is capital intensive in nature, and the continued growth of the Company relies on the acquisition and development of new fibre optic telecommunications infrastructure and ongoing maintenance of existing fibre optic telecommunications infrastructure. Superloop requires sufficient access to debt and equity capital to fund this expenditure. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Failure to obtain capital on favorable terms may hinder Superloop's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of the Company.

As at 30 June 2016, the Group had cash at bank of \$44,819,436 and term deposits of \$1,034,699, which the Group believes is sufficient working capital to complete the initial networks, operate and maintain those networks, hire additional sales professionals and evaluate new growth opportunities. As at 30 June 2016, the Group has no outstanding interest-bearing borrowings.

Contractual Maturities of Financial Liabilities	Within 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$	\$	\$	\$	\$
<b>2016</b>					
Trade payables	6,579,093	-	-	6,579,093	6,579,093
Interest-bearing borrowings	-	-	-	-	-
<b>TOTAL NON-DERIVATIVES</b>	<b>6,579,093</b>	<b>-</b>	<b>-</b>	<b>6,579,093</b>	<b>6,579,093</b>

# Notes to the Consolidated Financial Report

Contractual Maturities of Financial Liabilities	Within 12 months \$	Between 1 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying Amount \$
<b>2015</b>					
Trade payables	2,585,677	-	-	2,585,677	2,585,677
Interest-bearing borrowings	-	-	-	-	-
<b>TOTAL NON-DERIVATIVES</b>	<b>2,585,677</b>	<b>-</b>	<b>-</b>	<b>2,585,677</b>	<b>2,585,677</b>

## (D) FAIR VALUE MEASUREMENTS

### (i) Trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount is assumed to be the same as their fair value.

### (ii) Trade and other payables

Due to the short-term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

## 33. EARNINGS PER SHARE

### (A) LOSSES PER SHARE

	30 June 2016 Cents	30 June 2015 Cents
Total basic losses per share attributable to the ordinary equity holders of the Group	(6.81)	(3.55)

### (B) DILUTED LOSSES PER SHARE

	30 June 2016 Cents	30 June 2015 Cents
Total diluted losses per share attributable to the ordinary equity holders of the Group	(6.81)	(3.55)

### (C) RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	30 June 2016 \$	30 June 2015 \$
<b>Basic Earnings Per Share</b>		
Loss attributable to the ordinary equity holders of the Group used in calculating basic losses per share	(7,164,110)	(1,193,442)
<b>Diluted Earnings Per Share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Group:	(7,164,110)	(1,193,442)

### (D) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	30 June 2016 Number of Shares	30 June 2015 Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	105,191,913	33,589,661
Plus potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	105,191,913	33,589,661

# Notes to the Consolidated Financial Report

## 34. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Name of entity	Country of incorporation	Class of shares	30 June 2016 %	30 June 2015 %
Superloop (Australia) Pty Ltd <sup>(1)(2)</sup>	Australia	Ordinary	100%	100%
Superloop (Singapore) Pte Ltd <sup>(2)</sup>	Singapore	Ordinary	100%	100%
Superloop (Hong Kong) Limited <sup>(2)</sup>	Hong Kong	Ordinary	100%	100%
APEXN Pty Ltd <sup>(1)</sup>	Australia	Ordinary	100%	0%
CINENET Systems Pty Ltd <sup>(1)</sup>	Australia	Ordinary	100%	0%

(1) These wholly-owned subsidiaries are members of the Australian tax-consolidated group.

(2) These acquisitions completed in the prior year, were of commonly-controlled entities, which have been accounted for at their carrying amounts (refer note 1(c)). Assets and liabilities at the time of the acquisition are measured at their book values. The net impact of the common control transactions are recognised in other equity.

### Details of prior year common control transactions

Name of entity	Date Acquired	Net Liabilities at date of Acquisition
Superloop (Australia) Pty Ltd	27 March 2015	1,355,603
Superloop (Singapore) Pte Ltd	1 September 2014	467,266
Superloop (Hong Kong) Limited	7 October 2014	204,024
<b>TOTAL NET LIABILITIES AT DATE OF ACQUISITION</b>		<b>2,026,833</b>
Consideration		1,300,141
<b>TOTAL COMMON CONTROL TRANSACTIONS</b>		<b>3,327,034</b>

## 35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

After balance date, on 13 July 2016, 725,814 options were issued under the Group's Executive Option Plan, consistent with the resolution approved by shareholders on 21 June 2016, and on 13 July 2016, 196,068 performance rights were issued under the Group's Employee Rights plan.

On 15 July 2016, the Group completed the retail component of the Entitlement Offer launched in June 2016, issuing an additional 6,109,637 shares for \$12,830,238 on 21 July 2016.

## 36. PARENT ENTITY FINANCIAL INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements, except as set out below. Refer to note 1 for a summary of the significant accounting policies relating to the Group.

### Tax Consolidation

During the year, the Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 23 March 2015 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Superloop Limited. The members of the tax-consolidated group are identified in note 34. The Company is in the process of implementing tax funding and tax sharing agreements.

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

Deferred tax assets are recognised where it is considered probable that they will be recovered in the future and, as such, are subjective. Superloop has not recognised any deferred tax assets in the statement of financial position as at 30 June 2016.

# Notes to the Consolidated Financial Report

	30 June 2016	30 June 2015
	\$	\$
<b>Financial Position</b>		
Total cash & cash equivalents	39,696,183	9,523,883
Total current assets	46,449,062	46,752,782
Total non-current assets	43,944,847	1,300,141
<b>TOTAL ASSETS</b>	<b>130,090,092</b>	<b>57,576,806</b>
Total current liabilities	638,016	56,491
<b>TOTAL LIABILITIES</b>	<b>638,016</b>	<b>56,491</b>
<b>NET ASSETS</b>	<b>129,452,076</b>	<b>57,520,315</b>
Contributed equity	131,186,364	58,144,794
Reserves	(368,560)	-
Accumulated losses	(1,365,728)	(624,478)
<b>TOTAL EQUITY</b>	<b>129,452,076</b>	<b>57,520,315</b>
<b>Financial Performance</b>		
Loss for the year after tax	(483,505)	(624,478)
Total comprehensive loss for the period	(483,505)	(624,478)

## (A) GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

As at 30 June 2016, Superloop Limited did not have any guarantees in relation to the debts of subsidiaries

## (B) CONTINGENT LIABILITIES OF SUPERLOOP LIMITED (PARENT ENTITY)

As a 30 June 2016, Superloop Limited did not have any contingent liabilities.

## 37. CONTROLLED ENTITIES ACQUIRED OR DISPOSED

During the year Superloop Limited acquired the following entities:

APEXN Pty Ltd	16 October 2015
CINENET Systems Pty Ltd	30 November 2015

If both entities had been acquired at 1 July 2015, the Group would have generated total revenue of \$8,387,228 and a Net Loss after Tax (NPAT) of (\$7,670,486) for the full financial year to 30 June 2016, based on unaudited financial information provided by each entity prior to the date of acquisition.

Goodwill arose in the acquisitions of APEXN Pty Ltd and CINENET Systems Pty Ltd because the consideration paid for the respective subsidiaries included amounts in relation to the benefit of expected synergies, revenue growth, enhanced capability, future market development and the assembled workforce of APEXN Pty Ltd. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

### APEXN Pty Ltd (trading as APEXnetworks)

On 16th October 2015, Superloop Limited acquired 100% of APEXN Pty Ltd (APEXnetworks) for a total consideration of \$5.8 million, paid as \$3.8 million in cash and \$2.0 million in Superloop Limited shares issued at \$2.228, with the cash component funded from cash reserves. APEXnetworks allows Superloop to rapidly deploy a managed services capability for wholesale and channel customers via APEXnetworks' IT and product platforms. The goodwill of \$3,197,845 represents the residual value of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed shown below. The acquired business contributed revenues of \$3,289,535 and Net Profit after Tax (NPAT) of \$124,684 for the 8.5 months since acquisition to 30 June 2016.

# Notes to the Consolidated Financial Report

Details of the acquisition are as follows:

Identifiable assets acquired and liabilities assumed	Fair Value \$
Cash	280,394
Customer receivables	292,814
Network equipment: net cost	63,487
Payables – accounts	(99,156)
Payables – other	(95,140)
Annual leave liability	(104,025)
Tax liability	(18,219)
Software	1,701,000
Customer relationships	481,000
Brand name and trademarks	100,000
<b>Net identifiable assets acquired</b>	<b>2,602,155</b>
<b>Consideration transferred</b>	
Cash paid	3,800,000
Shares	2,000,000
<b>Total consideration</b>	<b>5,800,000</b>
<b>Goodwill on acquisition</b>	
Consideration transferred	5,800,000
Less net identifiable assets acquired	2,602,155
<b>Goodwill on acquisition</b>	<b>3,197,845</b>
<b>Net cash outflow on acquisition</b>	
Consideration paid in cash	3,800,000
Less cash and cash equivalent balances acquired	280,394
<b>Net cash outflow on acquisition</b>	<b>3,519,606</b>

Transaction costs of \$37k related to the acquisition have been expensed during the year.

## CINENET Systems Pty Ltd

On 30th November 2015, Superloop Limited acquired 100% of CINENET Systems Pty Ltd for a total consideration of \$3 million, paid as \$1.5 million in cash and \$1.5 million in Superloop Limited shares issued at \$2.213, with the cash component funded from cash reserves. CINENET Systems provides Superloop an opportunity for the Group to expand its network capabilities into the digital media vertical. The goodwill of \$2,827,597 represents the residual value of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed shown below. The acquired business contributed revenues of \$1,044,158 and NPAT of \$240,743 for the seven months since acquisition to 30 June 2016.

# Notes to the Consolidated Financial Report

Details of the acquisition are as follows:

<b>Identifiable assets acquired and liabilities assumed</b>	<b>Fair Value \$</b>
Cash	370,921
Customer receivables	284,413
Network equipment: net cost	163,333
Software	19,487
Payables – accounts	(72,360)
Payables – other	(518,441)
GST liabilities	(22,476)
Income tax liabilities & provision	(52,474)
Net identifiable assets acquired	172,403
<b>Consideration transferred</b>	
Cash paid	1,500,000
Shares	1,500,000
<b>Total consideration</b>	<b>3,000,000</b>
<b>Goodwill on acquisition</b>	
Consideration transferred	3,000,000
Less net identifiable assets acquired	172,403
<b>Goodwill on acquisition</b>	<b>2,827,597</b>
<b>Net cash outflow on acquisition</b>	
Consideration paid in cash	1,500,000
Less cash and cash equivalent balances acquired	370,921
<b>Net cash outflow on acquisition</b>	<b>1,129,079</b>

Transaction costs of \$13k related to the acquisition have been expensed during the year.

The values identified in relation to the acquisition of CINENET Systems Pty Ltd are provisional as at the reporting date 30 June 2016.

## Total net cash outflow on acquisition of subsidiaries

<b>Net cash outflow on acquisitions</b>	
Consideration paid in cash	5,300,000
Less cash and cash equivalent balances acquired	651,315
<b>Net cash outflow on acquisitions (refer statement of cash flows)</b>	<b>4,648,685</b>

## Total goodwill recognised on acquisition of subsidiaries

Goodwill arising from the acquisition of APEXN Pty Ltd	3,197,845
Goodwill arising from the acquisition of CINENET Systems Pty Ltd	2,827,597
<b>Total goodwill recognised on acquisition of subsidiaries (refer note 14)</b>	<b>6,025,442</b>

# Directors' Declaration

## In the Directors' Opinion:

The financial statements and notes set out on pages 34 to 70 are in accordance with the Corporations Act 2001, including:

1. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
2. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

At the date of this declaration, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable. Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The directors have been given the declarations by the chief executive officer and chief financial officer required by 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors as per section 295(5) of the Corporations Act 2001.



**Bevan Slattery**  
Executive Director and Chief Executive Officer

Brisbane

29 August 2016



# Independent Auditor's Report to the Members of Superloop Limited

## Report on the Financial Report

We have audited the accompanying financial report of Superloop Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year-end or from time to time during the financial year as set out on pages 34 to 71.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

# Deloitte.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Superloop Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of Superloop Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.


## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 17 to 27 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of Superloop Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

  
DELOITTE TOUCHE TOHMATSU

  
R G Saayman  
Partner  
Chartered Accountants  
Brisbane, 29 August 2016

# Shareholder Information

The following shareholder information was applicable as at 31 July 2016.

## (A) DISTRIBUTION OF EQUITY SECURITIES

Holding	Number of investors	Number of securities
100,001 and over	66	97,759,903
10,001 to 100,000	1,114	25,773,534
5,001 to 10,000	947	6,930,735
1,001 to 5,000	1,228	3,722,903
1 to 1,000	338	165,863
<b>TOTAL</b>	<b>3,693</b>	<b>134,352,938</b>
Unmarketable parcels	75	1,340

## (B) EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage of issued shares
1 BEVAN ANDREW SLATTERY	60,007,894	44.66
2 J P MORGAN NOMINEES AUSTRALIA LIMITED	10,872,029	8.09
3 RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED	4,031,326	3.00
4 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,389,723	1.78
5 SCM CAPITAL PTY LTD	1,437,594	1.07
6 UBS NOMINEES PTY LTD	1,075,213	0.80
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO EDA	1,128,571	0.84
8 HACKETT CP NOMINEES PTY LTD	999,999	0.74
9 CITICORP NOMINEES PTY LIMITED	840,743	0.63
10 RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	644,025	0.48
11 BLUE STAMP COMPANY PTY LTD	593,416	0.44
12 MR DANIEL ABRAHAMS	603,500	0.45
13 ALLEGRO CAPITAL NOMINEES PTY LTD	565,788	0.42
14 MJG APEXN PTY LTD	547,909	0.41
15 INVESTRC PTY LTD	506,727	0.38
16 ROCKET SCIENCE PTY LTD	489,911	0.36
17 BNP PARIBAS NOMS PTY LTD	458,651	0.34
18 HUME CLARK PTY LTD	396,343	0.30
19 DANKIM ABRAHAMS	370,350	0.28
20 DR DAVID JOHN RITCHIE & DR GILLIAN JOAN RITCHIE	362,858	0.27

## (C) SUBSTANTIAL HOLDERS

Name	Number held	Percentage of issued shares
1 BEVAN ANDREW SLATTERY	60,007,894	44.66

## (D) VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## DIRECTORS

- **Bevan Slattery**  
Executive Chairman & CEO
- **Daniel Abrahams**  
Executive Director & Chief Infrastructure Officer
- **Greg Baynton**  
Non-executive Director
- **Louise Bolger**  
Non-executive Director
- **Michael Malone**  
Non-executive Director
- **Richard Anthony (Tony) Clark**  
Non-executive Director

## COMPANY SECRETARIES

- **Paul Jobbins**  
GM, Corporate & Strategy
- **Gregory Bryant**  
Chief Financial Officer

## REGISTERED OFFICE

**Superloop Limited**  
Level 17, 333 Ann Street  
Brisbane QLD 4000  
Tel: +61 (7) 3088 5999

## COMPANY WEBSITE

[www.superloop.com](http://www.superloop.com)

## AUDITOR

### **Deloitte Touche Tohmatsu**

Level 25, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000  
[www.deloitte.com/au](http://www.deloitte.com/au)

## SOLICITORS

### **McCullough Robertson**

Level 11, Central Plaza Two  
66 Eagle Street  
Brisbane QLD 4000  
[www.mccullough.com.au](http://www.mccullough.com.au)

## SHARE REGISTER

### **Link Market Services Limited**

Level 15, 324 Queen Street  
Brisbane QLD 4000  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## STOCK EXCHANGE LISTING

Superloop Limited shares are listed on the Australian Securities Exchange (ASX) under code SLC

