OptiComm Co Pty Ltd and the Controlled Entity

ABN 50 117 414 776

Financial Report
For the year ended 30 June 2016

OptiComm Co Pty Ltd and the Controlled Entity
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the group of OptiComm Co Pty Ltd and the Controlled Entity (referred to hereafter as the 'the group') for the year ended 30 June 2016.

Directors
The following persons were directors of the group during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kenneth Ogden (Chairman)
Allan Brackin
Paul Cross
David Redfern

Principal activities
During the financial year the principal continuing activities of the group consisted of:
- Design, build, maintenance and operation of telecommunications networks

Dividends
There were no dividends paid during the financial year (2015: Nil).

Review of operations
The profit for the group after providing for income tax amounted to $9,132,064 (30 June 2015: $6,546,734).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Auditor's independence declaration
A copy of the auditor's independence declaration is set out on the following page.

On behalf of the directors

Kenneth Ogden
Director

19 October 2016
Brisbane

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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO DIRECTORS OF OPTICOMM CO PTY LTD AND CONTROLLED ENTITY

As lead auditor of OptiComm Co Pty Ltd and Controlled Entity for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OptiComm Co Pty Ltd and the entities it controlled during the period.

D P Wright

Director

BDO Audit Pty Ltd

Brisbane, 19 October 2016

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General information

The financial statements cover OptiComm Co Pty Ltd and the Controlled Entity. The financial statements are presented in Australian dollars.

OptiComm Co Pty Ltd is a company limited by shares.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 October 2016. The directors have the power to amend and reissue the financial statements.

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2016

	Note	Jun 16 $	Jun 15 $
Revenue			
Sales Revenue		30,408,882	24,773,499
Interest Income		79,779	68,188
		30,488,661	24,841,687
Expenses			
Purchases		(7,090,689)	(5,839,191)
Employee benefits expense		(5,687,685)	(4,458,418)
Depreciation and amortisation	3	(2,989,955)	(2,635,323)
Other expenses		(582,664)	(660,612)
Finance costs	3	314,841	(474,419)
Occupancy costs		(389,793)	(285,929)
Management fees and board fees		(102,807)	(179,416)
Contractors and consultants		(323,108)	(280,886)
Bad debt expense		(99,996)	(179,004)
Travel		(202,188)	(246,127)
Repairs and maintenance		(201,162)	(165,436)
Telecommunications		(150,002)	(75,349)
Profit before income tax expense		12,983,453	9,361,577
Income tax expense	4	(3,851,389)	(2,814,843)
Profit after income tax expense for the period/year		9,132,064	6,546,734
Other comprehensive income for the period/year, net of tax		-	-
Total comprehensive income for the period/year		9,132,064	6,546,734

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

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of financial position
As at 30 June 2016

	Note	Jun 16 $	Jun 15 $
Assets			
Current assets			
Cash and cash equivalents	5	6,001,676	5,747,352
Trade receivables	6	7,318,189	4,660,732
Inventories	7	1,086,007	797,675
Prepayments		197,770	104,457
Total current assets		14,603,642	11,310,216
Non-current assets			
Property, plant and equipment	8	38,888,388	30,839,772
Intangibles	9	192,775	165,087
Other financial assets	10	1,079,277	1,189,277
Total non-current assets		40,160,440	32,194,136
Total assets		54,764,082	43,504,352
Liabilities			
Current liabilities			
Trade and other payables	11	5,294,436	3,824,502
Borrowings	12	11,969	15,717
Income tax		5,324,869	5,596,927
Employee benefits		330,000	272,577
Unearned Income	13	4,857,337	3,960,514
Total current liabilities		15,818,611	13,670,237
Non-current liabilities			
Borrowings	14	2,032,487	2,091,890
Deferred tax		3,459,064	3,244,654
Employee benefits		165,000	139,102
Total non-current liabilities		5,656,551	5,475,646
Total liabilities		21,475,162	19,145,883
Net Assets		33,288,920	24,358,469
Equity			
Issued capital	15	5,758,452	5,960,065
Retained profits		27,530,468	18,398,404
Total equity		33,288,920	24,358,469

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

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of changes in equity
For the period ended 30 June 2016

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2015	5,960,065	18,398,404	24,358,469
Profit after income tax expense for the period	-	9,132,064	9,132,064
	5,960,065	27,530,468	33,490,533
Transactions with owners in their capacity as owners:			
Return of equity via Share buy-back	(201,613)	-	(201,613)
Balance at 30 June 2016	5,758,452	27,530,468	33,288,920

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

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of cash flows
For the period ended 30 June 2016

	Note	Jun 16 $	Jun 15 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		31,689,136	26,508,425
Payments to suppliers and employees (inclusive of GST)		(16,779,826)	(14,813,285)
		14,909,310	11,695,140
Interest received		79,779	68,188
Interest and other finance costs paid		(169,250)	(134,583)
Income taxes paid		(3,344,499)	(89,818)
Net cash from operating activities	20	11,475,340	11,538,927
Cash flows from investing activities			
Receipts from non-current deposits		110,000	-
Payments for non-current deposits		-	(51,825)
Payments for intangibles		(77,631)	(108,729)
Payments for property, plant and equipment		(10,988,621)	(8,101,958)
Net cash used in investing activities		(10,956,252)	(8,262,512)
Cash flows from financing activities			
Proceeds from issue of shares		-	85,000
Proceeds from loans received from other Companies		-	60,796
Payments for buy-back of shares	15	(201,613)	-
Repayment of loans to related parties		(48,387)	-
Repayment of borrowings		(14,764)	(3,189)
Net cash used in financing activities		(264,764)	142,607
Net increase/(decrease) in cash and cash equivalents		254,324	3,419,022
Cash and cash equivalents at the beginning of the financial period/year		5,747,352	2,328,330
Cash and cash equivalents at the end of the financial period/year	5	6,001,676	5,747,352

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

The consolidated financial statements and notes represent those of OptiComm Co Pty Ltd and the Controlled Entity ("the group"). The separate financial statements of the parent entity, OptiComm Co Pty Ltd, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 19th October 2016 by the directors of the group.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In the opinion of the directors, the group is not a reporting entity because there are no users dependent upon general purpose financial reports. This is a special purpose financial report prepared for the sole purpose of distribution to members and financiers.

Basis of preparation

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board applicable to entities reporting under the *Corporation Act 2001* and the policies described below. It contains disclosures that are considered necessary by the directors to meet the needs of the members and financiers.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity'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 2.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent OptiComm Co Pty Ltd and its subsidiary OptiComm Integration Pty Ltd. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The group recognises revenue from rendering of construction contract services in proportion to the stage of completion of the transaction at reporting date.

Revenue from sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, recover of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from construction contract services is recognised using the percentage of completion method. Stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Where the project result can be reliably estimated, contract revenue and expenses are recognised in the profit or loss as incurred. Where the project result cannot be reliably estimated, profits are deferred and the difference between revenue

Note 1. Significant accounting policies (continued)

and expenses is carried forward as either a contract receivable or payable. Once the contract result can be reliably estimated, the profit earned to that point is recognised immediately.

Developers make contributions towards to the costs of developing the Network Infrastructure assets. These cash contributions are recognised as revenue when the relevant asset to which the contribution relates reaches practical completion and is ready for use.

Developer contributed assets consist of assets received free of charge or for nominal consideration. In accordance with the requirements of Interpretation 18 Transfer of Assets from Customers and AASB118 Revenue, the fair value of these assets is recognised as revenue in the accounts when the group gains control of the assets.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 1. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity 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 may be 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.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories consist of consumable type items which are consumed in connection costs or Network Infrastructure assets in property, plant and equipment. Consumables are stated at the lower of cost and recoverable amount on a 'weighted average cost' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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

Assets are recognised, regardless of when title passes or if title passes, when the group gains control of the assets or has substantially all the risks and rewards of ownership.

Assets acquired at no cost to the group (developer contributed assets) are brought to account at fair value.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Network Infrastructure	10-20 years
Leasehold improvements	2-5 years
Plant and equipment	3-10 years
Plant and equipment under lease	3-10 years

Note 1. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are 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 entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years.

Impairment of non-financial assets
Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Provisions
Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the group.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

OptiComm Co Pty Ltd and the Controlled Entity
Notes to the financial statements
30 June 2016

Note 3. Expenses

	Jun 16 $	Jun 15 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Network Infrastructure	2,812,848	2,461,028
Plant and equipment	108,856	115,797
Motor vehicle	6,887	1,096
Motor vehicles under lease	6,287	3,245
Office furniture and Fittings	5,134	2,571
Total Depreciation	2,940,012	2,583,737
Amortisation		
Intangible Assets - software	49,943	51,586
Total depreciation and amortisation	2,989,955	2,635,323
Finance costs		
Interest and finance charges paid/payable	(314,841)	474,419

Note 4. Income tax expense

	Jun 16 $	Jun 15 $
Income tax expense		
Profit before income tax expense from continuing operations	12,983,453	9,361,577
Tax at the statutory tax rate 30%		
Income tax expense	3,895,036	2,808,473
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Entertainment expenses	7,321	6,370
- Prior years' residual tax	(50,968)	-
Income tax expense	3,851,389	2,814,843

OptiComm Co Pty Ltd and the Controlled Entity and the Controlled Entity (OptiComm Integration Pty Ltd) formed a tax consolidated group with effect from the 11th of February 2016. OptiComm Co Pty Ltd is the head entity of the tax consolidated group.

Note 5. Current assets - cash and cash equivalents

	Jun 16 $	Jun 15 $
Cash on hand	800	400
Cash at bank	6,000,876	5,746,952
	6,001,676	5,747,352

Reconciliation to cash and cash equivalents at the end of the period/year
The above figures are reconciled to cash and cash equivalents at the end of the financial period/year as shown in the statement of cash flows as follows:

Balances as above	6,001,676	5,747,352
Balance as per statement of cash flows	6,001,676	5,747,352

Note 6. Current assets – trade receivables

	Jun 16 $	Jun 15 $
Trade receivables	7,659,989	4,902,536
Provision for doubtful debts	(341,800)	(241,804)
	7,318,189	4,660,732

Note 7. Current assets - inventories

	Jun 16 $	Jun 15 $
Consumables	1,174,638	886,306
Provision for obsolescence	(88,631)	(88,631)
	1,086,007	797,675

Note 8. Non-current assets - property, plant and equipment

	Jun 16 $	Jun 15 $
Network Infrastructure (including infrastructure under construction) - at cost	48,402,369	37,665,231
Less: Accumulated depreciation	(10,069,800)	(7,256,952)
	38,332,569	30,408,279
Plant and equipment - at cost	896,914	748,072
Less: Accumulated depreciation	(570,761)	(461,905)
	326,153	286,167
Motor Vehicles - at cost	129,743	52,047
Less: Accumulated depreciation	(7,983)	(1,096)
	121,760	50,951
Motor Vehicles under lease	62,955	62,955
Less: Accumulated depreciation	(9,532)	(3,245)
	53,423	59,710
Office Furniture and Fittings – at cost	62,342	37,390
Less: Accumulated depreciation	(7,859)	(2,725)
	54,483	34,665
	38,888,388	30,839,772

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

	Infrastructure under construction $	Network Infrastructure $	Plant and equipment $	Motor Vehicles $	Motor Vehicles under lease $	Office Furniture and Fittings $	Total $
Balance at 1 July 2015	1,026,918	29,381,361	286,167	50,951	59,710	34,665	30,839,772
Additions	10,737,139	-	148,842	77,696	-	24,951	10,988,628
WIP Transfers	-6,840,258	6,840,258	-	-	-	-	-
Depreciation expense	-	(2,812,848)	(108,856)	(6,887)	(6,287)	(5,134)	(2,940,012)
Balance at 30 June 2016	4,923,799	33,408,771	326,153	121,760	53,423	54,482	38,888,388

Assets are recognised, regardless of when title passes or if title passes, when the group gains control of the assets or has substantially all the risks and rewards of ownership.

Note 9. Non-current assets - intangibles

	Jun 16 $	Jun 15 $
Software - at cost	382,016	304,385
Less: Accumulated amortisation	(189,241)	(139,298)
	192,775	165,087

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

	Software $
Balance at 1 July 2015	165,087
Additions	77,631
Amortisation expense	(49,943)
Balance at 30 June 2016	192,775

Note 10. Non-current assets – other financial assets

	Jun 16 $	Jun 15 $
Cash Deposits Held	1,051,825	1,161,825
Security Deposits Held	27,452	27,452
	1,079,277	1,189,277

Cash deposits held are restricted by indemnity guarantees provided by the bank – refer note 17

Note 11. Current liabilities - trade and other payables

	Jun 16 $	Jun 15 $
Trade payables	4,438,892	3,586,163
Sundry creditors & accruals	600,036	73,781
GST Payable	255,508	164,558
	5,294,436	3,824,502

Note 12. Current liabilities - borrowings

	Jun 16 $	Jun 15 $
Current Liability		
Lease liability - secured	11,969	15,717

Note 13. Current Liabilities - Unearned Income

	Jun 16 $	Jun 15 $
Developer contributions towards the cost of developing Network Infrastructure assets that have not yet reached practical completion.	4,857,337	3,960,514

These contributions are recognised as revenue when the relevant asset to which the contribution relates reaches practical completion and is ready for use.

Note 14. Non-Current Liability - Borrowings

	Jun 16 $	Jun 15 $
Convertible notes - unsecured	2,001,613	2,050,000
Lease liability - secured	30,874	41,890
	2,032,487	2,091,890

The convertible notes were issued on the 6th June 2014 and attract a market interest rate of BBSY plus 4% per annum. They are convertible into ordinary shares in June 2017 at the option of the holder. Conversion is at a fixed share price of $4.333 per ordinary share. Any unconverted notes become payable on the maturity date of the 6th December 2017.

Note 15. Equity - issued capital

	Jun 16 Shares	Jun 15 Shares	Jun 16 $	Jun 15 $
Ordinary shares – fully paid	2,584,244	2,630,770	5,673,452	5,875,065
Ordinary shares – partly paid	196,154	196,154	85,000	85,000
	2,780,398	2,826,924	5,758,452	5,960,065

Movements in ordinary share capital

Details	Date	No of shares	Share price	$
Balance	1 July 2015	2,826,924		5,960,065
Return of shares via Share buy-back	Over period	(46,526)	$4.3333	(201,613)
Balance	30 June 2016	2,780,398		5,758,452

Ordinary shares – fully paid
Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the group does not have a limited amount of authorised capital.

Ordinary shares – partly paid
Partly paid ordinary shares are held by some of the Senior Management Team, and entitle the holder to participate in dividends, with a set portion of the dividend amount being applied to towards payment of any unpaid capital.

Note 16 – Interest in Subsidiary

The company holds 100% interest in a subsidiary, OptiComm Integration Pty Ltd (incorporated on 11/02/2016). The subsidiary company has share capital consisting solely of 120 ordinary shares which is held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation.

Note 17. Banking Facilities

The group has approved banking facilities totalling $3,851,825 and are detailed as follows:

- Loan facility $1,000,000
- Bank guarantee facilities $2,551,825*
- Credit card facility $300,000

* $1,500,000 of this facility is secured as a first ranking charge over all present and after acquired property (assets) of the company.

At balance date, the credit card facility and bank guarantee facilities were the only facilities utilised as follows:

- Bank guarantee facilities $1,051,825
- Credit card facility $300,000

Note 18. Contingent Liabilities

Bank Performance Guarantee Liability
Secured contingent liabilities in respect of bank performance guarantee indemnities totalled $1,051,825 (refer note 10) at 30 June 2016. This facility represents a warranty in favour of certain clients and property lessors.

There are no other significant contingent liabilities.

Note 19. Commitments

	Jun 16 $	Jun 15 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	209,717	140,734
One to five years	373,848	333,837
	583,565	474,571
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	11,969	15,717
Two to five years	30,875	41,890
	42,844	57,607

Note 20. Reconciliation of profit after income tax to net cash from operating activities

	Jun 16 $	Jun 15 $
Profit/(Loss) after income tax	9,132,064	6,546,734
Adjustments for:		
Amortisation of Intangibles	49,943	51,586
Depreciation of non-current assets	2,940,012	2,583,737
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,657,457)	(1,068,030)
(Increase)/decrease in inventories	(288,332)	(23,063)
(Increase)/decrease in other current assets	(93,313)	(104,457)
Increase/(decrease) in trade and other payables	1,469,927	183,697
Increase/(decrease) in current tax liability	(272,058)	2,313,717
Increase/(decrease) in deferred tax liability	214,410	690,215
Increase/(decrease) in other current liabilities & employee benefits	980,144	364,791
Net cash from operating activities	11,475,340	11,538,927

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial periods.

OptiComm Co Pty Ltd and the Controlled Entity
Directors' declaration
30 June 2016

The directors have determined that the group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the group declare that:

1. The financial statements and the notes, as set out on pages 5-21 presents fairly the group's financial position as at 30 June 2016 and performance for the year ended on that date of the group in accordance with the accounting policies outlined in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Kenneth Ogden
Director

19 October 2016
Brisbane

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INDEPENDENT AUDITOR'S REPORT

To the members of OptiComm Co Pty Ltd and Controlled Entity

We have audited the accompanying financial report, being a special purpose financial report of OptiComm Co Pty Ltd and Controlled Entity, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 about whether the financial report is free from material misstatement.

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

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

Independence

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

Opinion

In our opinion the financial report of OptiComm Co Pty Ltd and Controlled Entity is in accordance with the *Corporations Act 2001*, including:

(a) 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

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

BDO Audit Pty Ltd

BDO

D P Wright

Director

Brisbane, 19 October 2016

OptiComm Co Pty Ltd and the Controlled Entity

ABN 50 117 414 776

Financial Report
For the year ended 30 June 2017

OptiComm Co Pty Ltd and the Controlled Entity
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the group of OptiComm Co Pty Ltd and the Controlled Entity (referred to hereafter as the 'the group') for the year ended 30 June 2017.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kenneth Ogden (Chairman)
Allan Brackin
Greg Adcock (appointed 1st July 2017)
Paul Cross
David Redfern
Jennifer Douglas (appointed 21st August 2017)

Principal activities

During the financial year the principal continuing activities of the group consisted of:

- Designing and building fibre to the premise telecommunications networks in residential apartment buildings and broadacre estates and commercial premises.
- Maintenance and operation of fibre to the premise telecommunications networks, providing services to retail service providers, developers and other customers.

Dividends

A fully franked dividend of $1.25 per share was paid during the financial year, totalling $4,052,943 (2016: Nil).

Review of operations

The profit for the group after providing for income tax amounted to $14,452,057 (30 June 2016: $9,132,064). The growth in profit is in line expectations, coming from increased network construction activity as well as increasing numbers of internet and phone services provided over OptiComm's expanding network.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

The group will continue to operate in the telecommunications market in the coming years, looking to continue to expand its networks and customer base across Australia.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
The company was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

On behalf of the directors

Kenneth Ogden
Director

13th December 2017
Brisbane

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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO DIRECTORS OF OPTICOMM CO PTY LTD AND CONTROLLED ENTITY

As lead auditor of OptiComm Co Pty Ltd and Controlled Entity for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OptiComm Co Pty Ltd and the entities it controlled during the period.

D P Wright

Director

BDO Audit Pty Ltd

Brisbane, 13 December 2017

Contents

General information

The financial statements cover OptiComm Co Pty Ltd and the Controlled Entity. The financial statements are presented in Australian dollars.

OptiComm Co Pty Ltd is a company limited by shares.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11th December 2017. The directors have the power to amend and reissue the financial statements.

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated Group Jun 17 $	Jun 16 $
Revenue			
Sales Revenue		49,756,924	30,408,882
Interest Income		93,518	79,779
		49,850,442	30,488,661
Expenses			
Purchases		(14,139,426)	(7,090,689)
Employee benefits expense		(8,351,722)	(5,687,685)
Depreciation and amortisation	3	(3,536,647)	(2,989,955)
Other expenses		(964,491)	(582,664)
Finance costs	3	(112,815)	314,841
Occupancy costs		(496,036)	(389,793)
Management fees and board fees		(200,693)	(102,807)
Contractors and consultants		(341,198)	(323,108)
Bad debt expense		-	(99,996)
Travel		(363,113)	(202,188)
Repairs and maintenance		(529,752)	(201,162)
Telecommunications		(146,738)	(150,002)
Profit before income tax expense		20,667,811	12,983,453
Income tax expense	4	(6,215,754)	(3,851,389)
Profit after income tax expense for the year		14,452,057	9,132,064
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		14,452,057	9,132,064

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

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of financial position
As at 30 June 2017

	Note	Consolidated Group Jun 17 $	Jun 16 $
Assets			
Current assets			
Cash and cash equivalents	5	7,162,743	6,001,676
Trade receivables	6	7,362,824	7,318,189
Inventories	7	1,111,737	1,086,007
Prepayments		264,212	197,770
Total current assets		15,901,516	14,603,642
Non-current assets			
Property, plant and equipment	8	49,389,720	38,888,388
Intangibles	9	168,280	192,775
Other financial assets	10	1,668,777	1,079,277
Total non-current assets		51,226,777	40,160,440
Total assets		67,128,293	54,764,082
Liabilities			
Current liabilities			
Trade and other payables	11	8,103,622	5,294,436
Borrowings	12	11,969	11,969
Income tax		2,525,228	5,324,869
Employee benefits		465,599	330,000
Unearned Income	13	5,332,231	4,857,337
Total current liabilities		16,438,649	15,818,611
Non-current liabilities			
Borrowings	14	18,906	2,032,487
Deferred tax		3,998,491	3,459,064
Employee benefits		217,600	165,000
Total non-current liabilities		4,234,997	5,656,551
Total liabilities		20,673,646	21,475,162
Net Assets		46,454,647	33,288,920
Equity			
Issued capital	15	8,525,065	5,758,452
Retained profits		37,929,582	27,530,468
Total equity		46,454,647	33,288,920

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

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of changes in equity
For the year ended 30 June 2017

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2015	5,960,065	18,398,404	24,358,469
Profit after income tax expense for the period	-	9,132,064	9,132,064
	5,960,065	27,530,468	33,490,533
Transactions with owners in their capacity as owners:			
Return of equity via Share buy-back	(201,613)	-	(201,613)
Balance at 30 June 2016	5,758,452	27,530,468	33,288,920
Balance at 1 July 2016	5,758,452	27,530,468	33,288,920
Profit after income tax expense for the period	-	14,452,057	14,452,057
	5,758,452	41,982,525	47,740,977
Transactions with owners in their capacity as owners:			
Share call on partly paid shares June 2017 (now fully paid)	765,000	-	765,000
Conversion of convertible notes June 2017	2,001,613	-	2,001,613
Payment of dividend June 2017	-	(4,052,943)	(4,052,943)
Balance at 30 June 2017	8,525,065	37,929,582	46,454,647

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

OptiComm Co Pty Ltd and the Controlled Entity
Consolidated statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated Group Jun 17 $	Jun 16 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		55,162,875	31,689,136
Payments to suppliers and employees (inclusive of GST)		(29,910,350)	(16,779,826)
		25,252,525	14,909,310
Interest received		93,518	79,779
Interest and other finance costs paid		(112,815)	(169,250)
Income taxes paid		(6,169,958)	(3,344,499)
Net cash from operating activities	20	19,063,270	11,475,340
Cash flows from investing activities			
Receipts from non-current deposits		-	110,000
Proceeds from sale of plant and equipment		27,000	-
Payments for intangibles		(36,382)	(77,631)
Payments for property, plant and equipment		(14,003,411)	(10,988,621)
Net cash used in investing activities		(14,015,793)	(10,956,252)
Cash flows from financing activities			
Payments of dividends to shareholders		(3,874,443)	
Payments for buy-back of shares	15	-	(201,613)
Repayment of loans to related parties		-	(48,387)
Repayment of borrowings		(11,967)	(14,764)
Net cash used in financing activities		(3,886,410)	(264,764)
Net increase/(decrease) in cash and cash equivalents		1,161,067	254,324
Cash and cash equivalents at the beginning of the financial period/year		6,001,676	5,747,352
Cash and cash equivalents at the end of the financial period/year	5	7,162,743	6,001,676

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

The consolidated financial statements and notes represent those of OptiComm Co Pty Ltd and the Controlled Entity ("the group"). The separate financial statements of the parent entity, OptiComm Co Pty Ltd, have not been presented within this financial report as permitted by the Corporations Act 2001.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In the opinion of the directors, the group is not a reporting entity because there are no users dependent upon general purpose financial reports. This is a special purpose financial report prepared for the sole purpose of distribution to members and financiers.

Basis of preparation

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board applicable to entities reporting under the *Corporation Act 2001* and the policies described below. It contains disclosures that are considered necessary by the directors to meet the needs of the members and financiers.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity'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 2.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent OptiComm Co Pty Ltd and its subsidiary OptiComm Integration Pty Ltd. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The group recognises revenue from rendering of construction contract services in proportion to the stage of completion of the transaction at reporting date.

Revenue from sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, recover of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from construction contract services is recognised using the percentage of completion method. Stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Where the project result can be reliably estimated, contract revenue and expenses are recognised in the profit or loss as incurred. Where the project result cannot be reliably estimated, profits are deferred and the difference between revenue and expenses is carried forward as either a contract receivable or payable. Once the contract result can be reliably estimated, the profit earned to that point is recognised immediately.

Note 1. Significant accounting policies (continued)

Developers make contributions towards to the costs of developing the Network Infrastructure assets. These cash contributions are recognised as revenue when the relevant asset to which the contribution relates reaches practical completion and is ready for use.

Developer contributed assets consist of assets received free of charge or for nominal consideration. In accordance with the requirements of Interpretation 18 Transfer of Assets from Customers and AASB118 Revenue, the fair value of these assets is recognised as revenue in the accounts when the group gains control of the assets.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Opticomm Co Pty Ltd and Opticomm Integration Pty ltd have formed an income tax Consolidated Group under the tax consolidation legislation. Each entity in the Consolidated Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the “stand-alone taxpayer” approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Consolidated Group notified the Australian Taxation Office that it had formed an income tax consolidated Group to apply from 11th February 2016. The Consolidated Group has entered a tax funding arrangement whereby each company in the Consolidated Group contributes to the income tax payable by the Consolidated Group in proportion to their contribution to the Consolidated Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to, the Company.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity 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 may be 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.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories consist of consumable type items which are consumed in connection costs or Network Infrastructure assets in property, plant and equipment. Consumables are stated at the lower of cost and recoverable amount on a 'weighted average cost' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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

Assets are recognised, regardless of when title passes or if title passes, when the group gains control of the assets or has substantially all the risks and rewards of ownership.

Assets acquired are brought to account at fair value.

Note 1. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Network Infrastructure	10-20 years
Leasehold Improvements	2-5 years
Plant and Equipment	3-10 years
Plant and Equipment under lease	3-10 years
Motor Vehicles	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are 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 entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years.

Impairment of non-financial assets
Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

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

Note 1. Significant accounting policies (continued)

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the group.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards for Application in Future Periods
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

New / revised pronouncements	Nature of change	Application date to the Group	Impact to the Group
AASB 9 *Financial Instruments* (December 2014)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010).	30 June 2019	The company does not foresee any significant impact to the net profit and net assets as a result of applying this new accounting standard.
AASB 15 *Revenue from Contracts with Customers*	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.	30 June 2019	The company has not yet assessed the full impact of this Standard.
AASB 16 Leases (issued February 2016)	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117 .	30 June 2019	The company has not yet assessed the full impact of this Standard.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Expenses

	Jun 17 $	Jun 16 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Network Infrastructure	3,322,728	2,812,848
Plant and equipment	126,797	108,856
Motor vehicle	11,767	6,887
Motor vehicles under lease	6,321	6,287
Office furniture and Fittings	8,157	5,134
Total Depreciation	3,475,770	2,940,012
Amortisation		
Intangible Assets - software	60,877	49,943
Total depreciation and amortisation	3,536,647	2,989,955
Finance costs		
Interest and finance charges paid/payable	112,815	(314,841)

Note 4. Income tax expense

	Jun 17	Jun 16
	$	$
Income tax expense		
Profit before income tax expense from continuing operations	20,667,811	12,983,453
Tax at the statutory tax rate 30%		
Income tax expense	6,200,343	3,895,036
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Entertainment expenses	15,411	7,321
- Prior years' residual tax	-	(50,968)
Income tax expense	6,215,754	3,851,389

OptiComm Co Pty Ltd and the Controlled Entity and the Controlled Entity (OptiComm Integration Pty Ltd) formed a tax consolidated group with effect from the 11th of February 2016. OptiComm Co Pty Ltd is the head entity of the tax consolidated group.

Note 5. Current assets - cash and cash equivalents

	Jun 17 $	Jun 16 $
Cash on hand	5	800
Cash at bank	7,162,738	6,000,876
	7,162,743	6,001,676

Reconciliation to cash and cash equivalents at the end of the period/year
The above figures are reconciled to cash and cash equivalents at the end of the financial period/year as shown in the statement of cash flows as follows:

Balances as above	7,162,743	6,001,676
Balance as per statement of cash flows	7,162,743	6,001,676

Note 6. Current assets – trade receivables

	Jun 17 $	Jun 16 $
Trade receivables	7,641,824	7,659,989
Provision for doubtful debts	(279,000)	(341,800)
	7,362,824	7,318,189

Note 7. Current assets - inventories

	Jun 17 $	Jun 16 $
Consumables	1,200,368	1,174,638
Provision for obsolescence	(88,631)	(88,631)
	1,111,737	1,086,007

Note 8. Non-current assets - property, plant and equipment

	Jun 17 $	Jun 16 $
Network Infrastructure - at cost	56,800,333	43,478,570
Less: Accumulated depreciation	(13,392,528)	(10,069,800)
	43,407,805	33,408,770
Network Infrastructure under construction – at cost	5,224,212	4,923,799
Plant and equipment - at cost	1,210,124	896,914
Less: Accumulated depreciation	(694,887)	(570,761)
	515,237	326,153
Motor Vehicles - at cost	130,006	129,743
Less: Accumulated depreciation	(13,849)	(7,983)
	116,157	121,760
Motor Vehicles under lease	62,955	62,955
Less: Accumulated depreciation	(15,853)	(9,532)
	47,102	53,423
Office Furniture and Fittings – at cost	95,223	62,342
Less: Accumulated depreciation	(16,016)	(7,859)
	79,207	54,483
	49,389,720	38,888,388

Note 8. Non-current assets - property, plant and equipment (continued)

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

	Infrastructure under construction $	Network Infrastructure $	Plant and equipment $	Motor Vehicles $	Motor Vehicles under lease $	Office Furniture and Fittings $	Total $
Balance at 1 July 2016	4,923,799	33,408,770	326,153	121,760	53,423	54,483	38,888,388
Additions	13,622,176	-	315,881	33,554	-	32,881	14,004,492
Disposals	-	-	-	(27,000)	-		(27,000)
Loss on sale	-	-	-	(390)	-		(390)
WIP Transfers	(13,321,763)	13,321,763	-	-	-	-	-
Depreciation expense	-	(3,322,728)	(126,797)	(11,767)	(6,321)	(8,157)	(3,475,770)
Balance at 30 June 2017	5,224,212	43,407,805	515,237	116,157	47,102	79,207	49,389,720

Assets are recognised, regardless of when title passes or if title passes, when the group gains control of the assets or has substantially all the risks and rewards of ownership.

Note 9. Non-current assets - intangibles

	Jun 17 $	Jun 16 $
Software - at cost	418,398	382,016
Less: Accumulated amortisation	(250,118)	(189,241)
	168,280	192,775

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

	Software $
Balance at 1 July 2016	192,775
Additions	36,382
Amortisation expense	(60,877)
Balance at 30 June 2017	168,280

Note 10. Non-current assets – other financial assets

	Jun 17 $	Jun 16 $
Cash Deposits Held	1,051,825	1,051,825
Loan – Employee loans	586,500	-
Security Deposits Held	30,452	27,452
	1,668,777	1,079,277

Cash deposits held are restricted by indemnity guarantees provided by the bank – refer note 17

Note 11. Current liabilities - trade and other payables

	Jun 17 $	Jun 16 $
Trade payables	7,477,807	4,438,892
Sundry creditors & accruals	687,827	600,036
GST Payable	(62,012)	255,508
	8,103,622	5,294,436

Note 12. Current liabilities - borrowings

	Jun 17 $	Jun 16 $
Current Liability		
Lease liability - secured	11,969	11,969

Note 13. Current Liabilities - Unearned Income

	Jun 17 $	Jun 16 $
Developer contributions towards the cost of developing Network Infrastructure assets that have not yet reached practical completion.	5,332,231	4,857,337

These contributions are recognised as revenue when the relevant asset to which the contribution relates reaches practical completion and is ready for use.

Note 14. Non-Current Liability - Borrowings

	Jun 17 $	Jun 16 $
Convertible notes - unsecured	-	2,001,613
Lease liability - secured	18,906	30,874
	18,906	2,032,487

The convertible notes were issued on the 6th June 2014 and attract a market interest rate of BBSY plus 4% per annum. All convertible notes were converted into ordinary shares in June 2017. Conversion was at a fixed share price of $4.333 per ordinary share. Refer note 15.

Note 15. Equity - issued capital

	Jun 17 Shares	Jun 16 Shares	Jun 17 $	Jun 16 $
Ordinary shares – fully paid	3,242,354	2,584,244	8,252,065	5,673,452
Ordinary shares – partly paid	-	196,154	-	85,000
	3,242,354	2,780,398	8,252,065	5,758,452

Movements in ordinary share capital

Details	Date	No of shares	Share price	$
Balance	1 July 2016	2,780,398		5,758,452
Shares issued on conversion of notes	June 2017	461,956	$4.3333	2,001,613
Call on partly paid shares (196,154 shares)	June 2017	-	$4.3333	765,000
Balance	30 June 2017	3,242,354		8,252,065

Ordinary shares – fully paid
Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the group does not have a limited amount of authorised capital.

Ordinary shares – partly paid
Partly paid ordinary shares were held by some of the Senior Management Team, and entitled the holder to participate in dividends, with a set portion of the dividend amount being applied to towards payment of any unpaid capital. These shares were all fully paid-up in June 2017.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.
The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.
The Group is not subject to any externally imposed capital requirements.
Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.
There have been no changes in the strategy adopted by management to control the capital of the Group since the previous year.

Note 16 – Interest in Subsidiary

The company holds 100% interest in a subsidiary, OptiComm Integration Pty Ltd (incorporated on 11/02/2016). The subsidiary company has share capital consisting solely of 120 ordinary shares which is held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation.

Note 17. Banking Facilities

The group has approved banking facilities totalling $1,351,825 and are detailed as follows:

- Bank guarantee facilities $1,051,825*
- Credit card facility $300,000

At balance date, the credit card facility and bank guarantee facilities were utilised as follows:

- Bank guarantee facilities $1,051,825
- Credit card facility $300,000

Note 18. Contingent Liabilities

Bank Performance Guarantee Liability
Secured contingent liabilities in respect of bank performance guarantee indemnities totalled $1,051,825 (refer note 10) at 30 June 2017. This facility represents a warranty in favour of certain clients and property lessors.

There are no other significant contingent liabilities.

Note 19. Commitments

	Jun 17 $	Jun 16 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	230,924	209,717
One to five years	340,721	373,848
	571,645	583,565
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	11,969	11,969
Two to five years	18,906	30,875
	30,875	42,844

Note 20. Reconciliation of profit after income tax to net cash from operating activities

	Jun 17 $	Jun 16 $
Profit/(Loss) after income tax	14,452,057	9,132,064
Adjustments for:		
Amortisation of Intangibles	60,877	49,943
Depreciation of non-current assets	3,475,770	2,940,012
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(44,635)	(2,657,457)
(Increase)/decrease in inventories	(25,730)	(288,332)
(Increase)/decrease in other current assets	(66,443)	(93,313)
Increase/(decrease) in trade and other payables	2,808,494	1,469,927
Increase/(decrease) in current tax liability	(2,799,641)	(272,058)
Increase/(decrease) in deferred tax liability	539,427	214,410
Increase/(decrease) in other current liabilities & employee benefits	663,094	980,144
Net cash from operating activities	19,063,270	11,475,340

Note 21. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	Jun 17 $	Jun 16 $
Statement of Financial Position		
ASSETS		
Current assets	13,548,964	13,712,342
Non-current assets	51,226,777	40,160,440
TOTAL ASSETS	64,775,741	53,872,782
LIABILITIES		
Current liabilities	15,686,730	15,142,629
Non-current liabilities	4,232,696	5,656,551
TOTAL LIABILITIES	19,919,426	20,799,180
EQUITY		
Issued capital	8,525,065	5,543,126
Retained earnings	36,331,250	27,530,476
TOTAL EQUITY	44,856,315	33,073,602
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	13,069,050	9,132,064
Total comprehensive income	13,069,050	9,132,064

The contingent liabilities and commitments relating to the parent company are those stated in notes 18 & 19 above.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial periods.

OptiComm Co Pty Ltd and the Controlled Entity
Directors' declaration
30 June 2017

In accordance with a resolution of the directors of OptiComm Co Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 24:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Kenneth Ogden
Director

13th December 2017
Brisbane

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INDEPENDENT AUDITOR'S REPORT

To the members of OptiComm Co Pty Ltd and the Controlled Entity

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OptiComm Co Pty Ltd (the Company) and the Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration

In our opinion the accompanying financial report of OptiComm Co Pty Ltd and the Controlled Entity, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Damian Wright

D P Wright

Director

Brisbane, 13 December 2017

OptiComm Co Pty Ltd and Controlled Entity

ABN 50 117 414 776

Annual Report for the year ended 30 June 2018

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Contents to Annual Report

DIRECTORS' REPORT

Your directors present their report on the consolidated group for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Allan Brackin (Chairman)

Paul Cross (Director)

David Redfern (Director)

Kenneth Ogden (Director)

Greg Adcock (Director) - appointed 1st July 2017

Jennifer Douglas (Director) - appointed 21st August 2017

John Phillips (Secretary) - appointed 5th April 2018

Martin Stockley (Secretary) - resigned 15th March 2018

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

Review of Operations

The profit for the group after providing for income tax amounted to $18,171,410 (30 June 2017: $14,452,057). The growth in profit is in line with expectations, coming from increased network construction activity as well as increasing numbers of internet and phone services provided over OptiComm's expanding network.

Significant Changes in the State of Affairs

No significant changes in the consolidated group's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year consisted of:

- Designing and building fibre to the premise telecommunications networks in residential apartment buildings, broadacre estates and commercial premises;
- Maintenance and operation of fibre to the premises telecommunications networks, providing services to retail services providers, developers and other customers.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

Likely Developments and Expected Results of Operations

The group will continue to operate in the wholesale telecommunications market in the coming years, looking to continue to expand its networks and customer base across Australia.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

A fully franked dividend of $0.75 per share was paid in June 2018, totalling $2,431,766. There were no other dividends paid or declared since the start of the financial year.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers and Auditors

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Other than as noted above, no indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in the following page.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ______________________________

Kenneth Ogden

Dated this 18th day of October 2018

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Fax: +61 7 3221 9227
www.bdo.com.au

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C HENRY TO DIRECTORS OF OPTICOMM CO PTY LTD AND CONTROLLED ENTITY

As lead auditor of OptiComm Co Pty Ltd and Controlled Entity for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OptiComm Co Pty Ltd and the entity it controlled during the period.

C K Henry

Director

BDO Audit Pty Ltd

Brisbane, 18 October 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated Group	
		2018	2017
Revenue	Note	$	$
Sales revenue	4	57,895,868	49,756,924
Other revenue		110,479	93,518
Total Revenue		58,006,347	49,850,442
Expenses			
Purchases and changes in inventories of goods sold		14,740,509	14,139,426
Employee benefits expense		9,505,885	8,351,722
Depreciation and amortisation	5	4,207,000	3,536,647
Finance costs		1,560	112,815
Rent, outgoings and occupancy		570,582	496,036
Directors' fees and expenses		380,435	200,693
Contractors and consultants		714,046	341,198
Travel		527,335	363,113
Repairs and maintenance		288,962	529,752
Telecommunications		172,913	146,738
Other Expenses		886,872	964,491
Total expense		31,996,099	29,182,631
Profit before income tax expense	5	**26,010,248**	**20,667,811**
Income tax expense	6	7,838,838	6,215,754
Profit for the period from continuing operations		18,171,410	14,452,057
Total other comprehensive income		-	-
Total comprehensive income for the year end 30 June 2018		**18,171,410**	**14,452,057**

Earnings per share (EPS)		
Basic, profit for the year attributable to ordinary equity holders of the parent	$5.85	$5.42
Diluted, profit for the year attributable to ordinary equity holders of the parent	$5.80	$4.65

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Consolidated Group	
		2018	2017
Assets	**Note**	**$**	**$**
Current assets			
Cash and cash equivalents	10	11,707,761	7,162,743
Trade and other receivables	11	7,848,446	7,362,824
Inventories	12	876,993	1,111,737
Other assets	13	391,502	264,212
Total Current Assets		**20,824,702**	**15,901,516**
Non-current assets			
Property, plant and equipment	15	60,633,559	49,389,720
Intangible assets	16	142,184	168,280
Other Assets	13	123,309	1,082,277
Total Non-Current Assets		**60,899,052**	**50,640,277**
Total assets		**81,723,754**	**66,541,793**
Liabilities			
Current liabilities			
Trade and other Payables	17	7,428,365	8,103,621
Borrowings	18	11,969	11,969
Current tax liabilities		948,489	2,525,228
Provisions	20	545,500	465,600
Unearned Income	19	6,401,841	5,332,231
Total Current Liabilities		**15,336,164**	**16,438,649**
Non-current liabilities			
Borrowings	18	6,937	18,906
Deferred Tax Liability		4,395,425	3,998,491
Provisions	20	267,100	217,600
Total Non-Current Liabilities		**4,669,462**	**4,234,997**
Total liabilities		**20,005,626**	**20,673,646**
Net Assets		**61,718,128**	**45,868,147**
Equity			
Share capital	21	8,048,902	7,938,565
Reserves	22	81,208	81,208
Retained earnings		53,588,018	37,848,374
Total Equity		**61,718,128**	**45,868,147**

The accompanying notes form part of these financial statements.

Consolidated Group	Note	Ordinary Shares $	Partly paid Ordinary Shares $	Share Based Payment Reserve $	Retained Earnings $	Total Equity $
Balance at 1 July 2016		5,673,452	85,000	--	27,530,468	33,288,920
Profit for the year (after Tax)		--	--	--	14,452,057	14,452,057
Other comprehensive income for the year		--	--	--	--	--
Transactions with owners, in their capacity as owners, and other transfers	21	2,001,613	178,500	--	--	2,180,113
Dividend paid or provided for	9	--	--	--	(4,052,943)	(4,052,943)
Share-based Payment Reserve	22	--	--	81,208	(81,208)	--
Total transactions with owners and other transfers		2,001,613	178,500	81,208	(4,134,151)	(1,872,830)
Balance at 30 June 2017		**7,675,065**	**263,500**	**81,208**	**37,848,374**	**45,868,147**

Consolidated Group	Note	Ordinary shares $	Partly paid Ordinary Shares $	Share Based Payment Reserve $	Retained Earnings $	Total Equity $
Balance at 1 July 2017		7,675,065	263,500	81,208	37,848,374	45,868,147
Profit for the year		--	--	--	18,171,410	18,171,410
Other comprehensive income for the year		--	--	--	--	--
Transactions with owners, in their capacity as owners, and other transfers	21	--	110,337	--	--	110,337
Dividend paid or provided for	9	--	--	--	(2,431,766)	(2,431,766)
Total transactions with owners and other transfers		--	110,337	--	(2,431,766)	(2,321,429)
Balance at 30 June 2018		**7,675,065**	**373,837**	**81,208**	**53,588,018**	**61,718,128**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group 2018 $	2017 $
Cash Flows From Operating Activities			
Receipts from customers		64,269,443	55,162,875
Payments to suppliers and employees		(34,013,376)	(27,604,340)
Interest Received		110,479	93,518
Finance costs paid		(1,560)	(112,815)
Income tax paid		(9,020,428)	(8,475,968)
Net cash provided by/(used in) operating activities	25	21,344,558	19,063,270
Cash Flows From Investing Activities			
Proceeds from sale of plant and equipment		1,500	27,000
Purchase of property, plant and equipment		(15,386,584)	(14,003,411)
Receipts from non-current term deposits		1,000,000	-
Payments for non-current cash deposits		(41,032)	(3,000)
Payments to employee for loans		-	(765,000)
Proceeds from employee loan repayments		-	178,500
Payments for intangibles (software)		(40,026)	(36,382)
Net cash (used in)/provided by investing activities		(14,466,142)	(14,602,293)
Cash Flows From Financing Activities			
Proceeds from calls on partly paid shares	21	110,337	765,000
Repayment of lease liability		(11,969)	(11,967)
Payment of dividends on ordinary shares	9	(2,431,766)	(4,052,943)
Net cash provided by financing activities		(2,333,398)	(3,299,910)
Net increase/(decrease) in cash held		4,545,018	1,161,067
Cash and cash equivalents at the beginning of financial year		7,162,743	6,001,676
Cash and cash equivalents at the end of financial year		11,707,761	7,162,743

The accompanying notes form part of these financial statements.

The consolidated financial statements and notes represent those of OptiComm Co Pty Ltd and Controlled Entity (the "Group").

The separate financial statements of the parent entity, OptiComm Co Pty Ltd, have been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 18 October 2018 by the directors of the company.

Note 1. Summary of Significant Accounting Policies

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

a. Principles of Consolidation

The general purpose consolidated financial statements incorporate all of the assets, liabilities and results of the parent OptiComm Co Pty Ltd and its subsidiary OptiComm Integration Pty Ltd. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. Revenue Recognition

Revenue from network usage is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The group recognises revenue from rendering of integration construction contract services in proportion to the stage of completion of the transaction at reporting date. Completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Where the project result can be reliably estimated, contract revenue and expenses are recognised in the profit or loss as incurred. Where the project result cannot be reliably estimated, profits are deferred and the difference between revenue and expenses is carried forward as either a contract receivable or payable. Once the contract result can be reliably estimated, the profit earned to that point is recognised immediately.

Revenue from sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Note 1. Summary of Significant Accounting Policies (Continued)

Developers make contributions towards to the costs of developing the Network Infrastructure assets. These cash contributions are recognised as revenue when the relevant asset to which the contribution relates reaches practical completion and is ready for use.

Developer contributed assets consist of assets received free of charge or for nominal consideration. In accordance with the requirements of Interpretation 18 *Transfer of Assets from Customers* and AASB118 *Revenue*, the fair value of these assets is recognised as revenue in the accounts when the group gains control of the assets.

Interest revenue is recognised as interest accrues.

c. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

OptiComm Co Pty Ltd and OptiComm Integration Pty Ltd have formed an income tax Consolidated Group under the tax consolidation legislation. Each entity in the Consolidated Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the "stand-alone taxpayer" approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Consolidated Group notified the Australian Taxation Office that it had formed an income tax consolidated Group to apply from 11th February 2016. The Consolidated Group has entered a tax funding arrangement whereby each company in the Consolidated Group contributes to the income tax payable by the Consolidated Group in proportion to their contribution to the Consolidated Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to, the Company.

d. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.
An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless

Note 1. Summary of Significant Accounting Policies (Continued)

restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

e. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

f. Trade and other receivables

Trade receivables are recognised at fair value, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity 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 may be 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.

Other receivables are recognised at amortised cost, less any provision for impairment.

g. Inventories

Inventories consist of consumable type items which are consumed in connection costs or Network Infrastructure assets in property, plant and equipment. Consumables are stated at the lower of cost and recoverable amount on a 'weighted average cost' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

h. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant

Note 1. Summary of Significant Accounting Policies (Continued)

financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the

lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

i. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Assets are recognised, regardless of when title passes or if title passes, when the group gains control of the assets or has substantially all the risks and rewards of ownership.

Assets acquired are brought to account at fair value.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Network Infrastructure	4-40 years
Leasehold Improvements	5 years
Plant and Equipment	10 years
Computers	5 years
Motor Vehicles	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

j. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Note 1. Summary of Significant Accounting Policies (Continued)

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit and loss on a straight-line basis over the term of the lease.

k. Intangible assets

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

l. Impairment of non-financial assets

Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

m. Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

n. Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

o. Finance costs

Finance costs are expensed in the period in which they are incurred.

p. Employee benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related

Note 1. Summary of Significant Accounting Policies (Continued)

service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.
The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

q. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

r. Issued capital

Ordinary shares are classified as equity.

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

s. **Dividends**
Dividends are recognised when declared during the financial year and no longer at the discretion of the group.

Note 1. Summary of Significant Accounting Policies (Continued)

t. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

u. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

v. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Estimation of useful lives of assets*

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(ii) *Impairment of non-financial assets*

The entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Group expects that most employees will not use all of their annual

Note 1. Summary of Significant Accounting Policies (Continued)

leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(ii) *Provision for impairment of receivables*
Recoverability of trade receivables is reviewed on an ongoing basis. Debts that are known to be unrecoverable are written off directly against the carrying value of the debt. An allowance for impairment is used when there is some doubt as to the full recoverability of the debt. The allowance for impairment is the difference between the carrying amount of the debt and the amount that is expected to be recovered. The additional allowance for doubtful debts is recognised in the profit and loss statement.

w. New Accounting Standards for Application in Future Periods

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

New / revised pronouncements	Nature of change	Application date to the Group	Impact to the Group
AASB 9 *Financial Instruments* (December 2014)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010).	1 July 2018	The company does not foresee any significant impact to the net profit and net assets as a result of applying this new accounting standard.
AASB 15 *Revenue from Contracts with Customers*	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.	1 July 2018	The company has conducted an assessment of the impact of AASB 15 on relevant contracts. The impacts are listed under Note 26.

Note 1. Summary of Significant Accounting Policies (Continued)

New / revised pronouncements	Nature of change	Application date to the Group	Impact to the Group
AASB 16 *Leases* (issued February 2016)	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	1 July 2019	The company has conducted an initial assessment of the impact of AASB 16 on relevant leases. Based on the current leases portfolio, the impact is likely to be immaterial.

Note 2. Segment Information

For management purposes, the group is organised into business units based on its products and services and has two reportable segments, as follows:

- The Network Operations segment, which maintains and operates fibre to the premise telecommunications networks in residential apartment buildings, broadacre estates and commercial premises.
- The Construction segment, which designs and builds fibre to the premise telecommunications networks in residential apartment buildings, broadacre estates and commercial premises including the provision of related integration services.

No operating segments have been aggregated to form the above reportable operating segments. The group's corporate function is not an operating segment under the requirements of AASB 8 as its revenue generating activities are only incidental to the business.

The Senior Management Leadership Team monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, the group's financing (including finance costs and finance income) and income tax are managed on a group basis and are not allocated to operating segments.

Year	Network Operations	Construction	Corporate and other	Total
2018				
Revenue	23,870,471	34,025,397	110,479	58,006,347
2017				
Revenue	15,667,012	34,089,912	93,518	49,850,442

Note 3. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position	**2018**	**2017**
Assets	**$**	**$**
Current assets	19,592,207	14,496,733
Non-current assets	60,899,051	49,692,507
Total Assets	80,491,258	64,189,240
Liabilities		
Current liabilities	16,811,883	15,686,730
Non-current liabilities	4,866,369	4,232,695
Total Liabilities	21,678,252	19,919,425
Equity		
Issued capital	8,048,902	7,938,565
Reserves	81,208	81,208
Retained earnings	50,682,896	36,250,042
Total Equity	58,813,006	44,269,815

Statement of Profit or Loss and Other Comprehensive Income	**2018**	**2017**
	$	**$**
Total profit	16,797,665	13,069,050
Total comprehensive income	16,797,665	13,069,050

Note 4. Revenue and Other Income

	Consolidated Group	
	2018	**2017**
	$	**$**
Sales revenue:		
Network Construction, Connections and Integration Services	34,025,397	34,089,912
Network Usage	23,870,471	15,667,012
	57,895,868	49,756,924
Other revenue:		
Interest income	110,479	93,518
Total revenue	58,006,347	49,850,442

Note 5. Profit Before Income Tax

	Consolidated Group 2018 $	Consolidated Group 2017 $
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation		
-Network Infrastructure	3,978,747	3,322,728
-Plant and Equipment	132,310	126,797
-Motor Vehicles	13,475	11,767
-Motor Vehicles under Lease	6,296	6,321
-Office Furniture and Fittings	10,050	8,157
Total Depreciation	4,140,878	3,475,770
Amortisation		
-Intangible Assets - (Software)	66,122	60,877
Total Depreciation and Amortisation	4,207,000	3,536,647
Finance Costs		
Interest and finance charges paid/payable	1,560	112,815

Note 6. Income Tax Expense

OptiComm Co Pty Ltd and the Controlled Entity (OptiComm Integration Pty Ltd) formed a tax consolidated group with effect from the 11th February 2016. OptiComm Co Pty Ltd is the head entity of the tax consolidated group.

	Consolidated Group 2018 $	Consolidated Group 2017 $
Income Tax Expense		
Profit before income tax expense from continuing operations	26,010,248	20,667,811
Tax at the statutory tax rate of 30%		
Income tax expense	7,803,074	6,200,343
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
-Entertainment expense	13,946	15,411
-Interest on shareholder loans	9,249	-
-Under-provision for income tax 2017	12,569	-
Income Tax Expense	7,838,838	6,215,754

Note 7. Auditors' Remuneration

	Consolidated Group 2018 $	Consolidated Group 2017 $
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the financial statements	52,000	50,000
- Other services	5,000	-
	57,000	50,000

Note 8. Key Management Personnel Remuneration

	Consolidated Group 2018 $	Consolidated Group 2017 $
Short-term employee benefits	2,235,982	1,392,289
Post-employment benefits	145,053	95,352
Other long-term benefits	142,744	136,681
Share-based payments	97,356	157,500
	2,621,135	1,781,822

Note 9. Dividends

	Consolidated Group 2018 $	Consolidated Group 2017 $
Dividends paid:		
Ordinary dividend of $0.75 per share, fully franked at the tax rate of 30%	2,431,766	4,052,943
(2017: $1.25 per share fully franked at the tax rate of 30%)		
Adjusted franking account balance:	18,015,489	10,037,246
Total dividends (dollars) per ordinary share for the period	0.75	1.25

Note 10. Cash and Cash Equivalents

	2018 $	2017 $
Current assets		
Cash on hand	68	5
Cash at bank	11,707,693	7,162,738
	11,707,761	7,162,743

Note 11. Trade and Other Receivables,

	Consolidated Group 2018 $	2017 $
Current		
Trade receivables	8,030,410	7,641,824
Provision for impairment	(181,964)	(279,000)
	7,848,446	7,362,824

a. Provision for impairment of receivables

Movement in the provision for impairment of receivables is as follows:

Consolidated Group

	Opening Balance 1 July 2016 $	Charge for the year $	Amounts Written Off $	Closing Balance 30 June 2017 $
Trade receivables Provision	(341,800)	-	62,800	(279,000)

	Opening Balance 1 July 2017 $	Charge for the year $	Amounts Written Off $	Closing Balance 30 June 2018 $
Trade receivables Provision	(279,000)	-	97,036	(181,964)

b. Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Group is considered to relate to the class of assets described as "trade and other receivables".

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

Note 11. Trade and Other Receivables (Continued)

Consolidated Group 2018	Gross Amount	Past Due and Impaired	Within trade terms	Past Due but Not Impaired			
				<30	31-60	61-90	>90
	$	$	$	$	$	$	$
Trade and term receivables	7,821,485	-	5,585,577	1,560,876	270,892	128,320	275,820
Other receivables	208,925	-	208,925	-	-	-	-
Total	**8,030,410**	**-**	**5,794,502**	**1,560,876**	**270,892**	**128,320**	**275,820**

Consolidated Group 2017	Gross Amount	Past Due and Impaired	Within trade terms	Past Due but Not Impaired			
				<30	31-60	61-90	>90
	$	$	$	$	$	$	$
Trade and term receivables	7,449,746	-	4,858,989	2,328,197	123,331	49,378	89,851
Other receivables	192,078	-	192,078	-	-	-	-
Total	**7,641,824**	**-**	**5,051,067**	**2,328,197**	**123,331**	**49,378**	**89,851**

c. Collateral pledged

No collateral is held over trade and other receivables.

Note 12. Inventories

	Consolidated Group 2018	Consolidated Group 2017
	$	$
Raw materials (at cost)	960,096	1,200,368
Provision for obsolescence	(83,103)	(88,631)
	876,993	1,111,737

Note 13. Other Assets

	Consolidated Group 2018	Consolidated Group 2017
Current	$	$
Prepayments	391,502	264,212
	391,502	264,212
Non- Current	**2018**	**2017**
	$	$
Cash Deposits held for Client Guarantees	-	1,000,000
Cash Deposits held for Lease Guarantees	106,149	51,825
Security Deposits held	17,160	30,452
	123,309	1,082,277

Cash deposits held are restricted by indemnity guarantees provided by the bank– refer to note 24.

Note 14. Interests in subsidiary

Information about principal subsidiary:

The subsidiary listed below has share capital consisting solely of 120 ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation. OptiComm Integration Pty Ltd was incorporated on 11th February 2016.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group 2018 %	2017 %
Opticomm Integration Pty Ltd	Unit 10A, 58 Metroplex Avenue, Murarrie QLD 4172	100%	100%

The subsidiary's financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Note 15. Property, Plant and Equipment

a. Plant and equipment	Consolidated Group 2018 $	2017 $
Network Infrastructure - at cost	70,065,454	56,800,333
Less: Accumulated depreciation	(17,371,275)	(13,392,528)
	52,694,179	43,407,805
Network Infrastructure under construction - at cost	7,172,954	5,224,212
Plant and equipment - at cost	1,341,684	1,210,124
Less: Accumulated depreciation	(827,197)	(694,887)
	514,487	515,237
Motor Vehicles - at cost	157,817	130,006
Less: Accumulated depreciation	(27,324)	(13,849)
	130,493	116,157
Motor Vehicles under lease - at cost	62,955	62,955
Less: Accumulated depreciation	(22,149)	(15,853)
	40,806	47,102
Office Furniture and Fittings - at cost	106,706	95,223
Less: Accumulated depreciation	(26,066)	(16,016)
	80,640	79,207
Total property, plant and equipment	60,633,559	49,389,720

Note 15. Property, Plant and Equipment (Continued)

b. Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Infrastructure under Construction	Network Infrastructure	Plant and equipment	Motor Vehicles	Motor Vehicles under lease	Office Furniture and Fittings	Total
	$	$	$	$	$	$	$
Balance at 1 July 2016	4,923,799	33,408,770	326,153	121,760	53,423	54,483	38,888,388
Additions	13,622,176	-	315,881	33,554	-	32,881	14,004,492
Disposals-Proceeds	-	-	-	(27,000)	-	-	(27,000)
Loss on sale	-	-	-	(390)	-	-	(390)
WIP Transfer	(13,321,763)	13,321,763	-	-	-	-	-
Depreciation expense	-	(3,322,728)	(126,797)	(11,767)	(6,321)	(8,157)	(3,475,770)
Carrying amount at 30 June 2017	**5,224,212**	**43,407,805**	**515,237**	**116,157**	**47,102**	**79,207**	**49,389,720**
Balance at 1 July 2017	5,224,212	43,407,805	515,237	116,157	47,102	79,207	49,389,720
Additions	15,213,863	-	133,428	27,811	-	11,483	15,386,585
Disposals-Proceeds	-	-	(1,500)	-	-	-	(1,500)
Loss on sale			(368)	-	-	-	(368)
WIP Transfer	(13,265,121)	13,265,121	-	-	-	-	-
Depreciation expense	-	(3,978,747)	(132,310)	(13,475)	(6,296)	(10,050)	(4,140,878)
Carrying amount at 30 June 2018	**7,172,954**	**52,694,179**	**514,487**	**130,493**	**40,806**	**80,640**	**60,633,559**

Assets are recognised, regardless of when the title passes or if the title passes, when the group gains control of the assts or has substantially all the risks and rewards of the ownership.

Note 16. Intangible Assets

	Consolidated Group 2018	2017
	$	$
Software - at cost	458,424	418,398
Less: Accumulated amortisation	(316,240)	(250,118)
	142,184	168,280
Opening balance	168,280	192,775
Additions	40,026	36,382
Disposals	-	-
Amortisation	(66,122)	(60,877)
Closing carrying amount at year end	142,184	168,280

Note 17. Trade and Other Payables

	Consolidated Group 2018 $	Consolidated Group 2017 $
Current		
Trade payables	5,896,622	7,477,807
Sundry payables and accrued expenses	1,303,512	687,826
Other payables (net amount of GST payable)	228,231	(62,012)
	7,428,365	8,103,621

Note 18. Borrowings

	Consolidated Group 2018 $	Consolidated Group 2017 $
Current		
Lease liability – secured	11,969	11,969
Non-Current		
Lease liability – secured	6,937	18,906

Note 19. Current Liabilities – Unearned Income

Developer contributions towards the cost of developing Network Infrastructure assets that have not yet reached practical completion. These contributions are recognised as revenue when the relevant asset to which the contribution relates reaches practical completion and is ready for use.

	Consolidated Group 2018 $	Consolidated Group 2017 $
Unearned Income	6,401,841	5,332,231

Note 20. Provisions

	Consolidated Group 2018 $	Consolidated Group 2017 $
Current		
Employee benefits	545,500	465,600
Total current provisions	545,500	465,600
Non-current		
Employee benefits	237,100	217,600
Rental Lease - Make Good	30,000	-
Total Non-current provisions	267,100	217,600

Note 20. Provisions (Continued)

Analysis of provisions	Employee Benefits	Make Good Lease	Total
	$	$	$
Opening balance at 1 July 2017	683,200	-	683,200
Additional provisions raised during the year	268,300	30,000	298,300
Amount used	(168,900)	-	(168,900)
Balance at 30 June 2018	782,600	30,000	812,600

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Provision for dividends

No provision has been recognised for dividends. Refer to Note 9 for further dividend information.

Note 21. Issued Capital

	2018 Shares	2017 Shares	2016 Shares	2018 $	2017 $	2016 $
Ordinary shares – fully paid	3,046,200	2,584,244	2,584,244	7,938,565	5,758,452	5,673,452
Restate - Partly paid shares (refer note 22)	196,154	196,154	196,154	110,337	178,500	85,000
Shares issued on Conversion of notes		461,956			2,001,613	
	3,242,354	3,242,354	2,780,398	8,048,902	7,938,565	5,758,452

Note 21. Issued Capital (Continued)

Details	Date	No. of shares	Share price	$
Balance	1-Jul-16	2,584,244		5,758,452
Shares issued on conversion of notes	Jun-17	461,956	$4.33	2,001,613
Payment for partly paid shares (196,154 shares)	Jun-17	196,154		178,500
Balance	30-Jun-17	3,242,354		7,938,565
Balance	1-Jul-17	3,242,354		7,938,565
Payment for partly paid shares (196,154 shares)	Jun-18			110,337
Balance	30-Jun-18	3,242,354		8,048,902

a. Ordinary Shares

Ordinary shares – fully paid

Fully paid ordinary shares entitle the holders to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares – partly paid

Partly paid ordinary shares are held by some of the Senior Management Team, and entitles the holder to participate in dividends, with a set portion of the dividend amount being applied to towards payment of any unpaid capital.

b. Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

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

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

Note 22. Reserves

Share-Based Payment Reserve

The company issued 196,154 partly paid shares to 5 members of the Senior Management Team (SMT) in FY2015. The shares were valued at market at the time of issue and were partly paid to 10%. The company issued a fully franked dividend of $1.25 per share on 15th June 2017. For the SMT shareholders, part of the dividend was withheld and used to pay a further instalment on the shares previously issued (the remainder of the dividend balance was paid in cash). Following the payment of this dividend, the company agreed to enter into a limited recourse loan agreement with the 5 SMT members in order to fully pay the remainder of these shares. Under the terms of the loan agreement, 75% of future dividend payments would be applied to repay the loan.

Subsequent to completion of the 2017 financial statements, the Directors have reviewed the accounting treatment of these transactions and have determined that the issuing of shares to the SMT and the subsequent establishment of a limited recourse loan should have been accounted for in accordance with "AASB 2 *Share-Based Payments*" as the transactions effectively represent an option plan. In accordance with AASB 2, the value of the embedded option in the partly paid shares should have been assessed with an expense recorded and a Share Based Payment reserve created at the time the shares were issued. In addition, as the loan created has limited recourse it should be reversed. Accordingly, the following adjustments have been made in these financial statements:

- a prior period's expense of $81,208 recorded against retained earnings and a Share-based Payment reserve created representing the value of the embedded option.
- The balance of the loan to the SMT as at 1 July 2016 of $586,500 has been reversed and the fully paid shares reverted to be partly paid.

Note 23. Capital and Leasing Commitments

	2018	2017
a. Operating Lease Commitments	**$**	**$**
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	238,724	230,924
One to five years	101,997	340,721
	340,721	571,645

	2018	2017
b. Finance Lease Commitments	**$**	**$**
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	11,969	11,969
One to five years	6,937	18,906
	18,906	30,875

Note 24. Contingent Liabilities and Contingent Assets

Bank Performance Guarantee Liability

Secured contingent liabilities in respect of bank performance guarantee indemnities totalled $123,309 (refer note 13) at 30 June 2018 ($1,082,277 at 30 June 2017). This facility represents a warranty in favour of certain clients and property lessors.

There are no other significant contingent liabilities or contingent assets.

Note 25. Cash Flow Information

	2018	2017
	$	$
Profit/(Loss) after income tax	18,171,410	14,452,057
Adjustments for:		
Amortisation of Intangibles	66,122	60,877
Depreciation of non-current assets	4,140,878	3,475,770
Net loss/(gain) on disposal of plant and equipment	368	--
Provisions	298,300	--
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(485,622)	(44,635)
(Increase)/decrease in inventories	234,744	(25,730)
(Increase)/decrease in prepayments	(127,289)	(66,443)
Increase/(decrease) in trade and other payables	(675,257)	2,808,494
Increase/(decrease) in current tax liability	(1,576,740)	(2,799,641)
Increase/(decrease) in deferred tax liability	396,934	539,427
Increase/(decrease) in unearned income	1,069,610	474,895
Increase/(decrease) in provisions	(168,900)	188,199
Net cash from operating activities	21,344,558	19,063,270

Note 26. Impact of New Accounting Standards - AASB 15

Effects of the change in accounting policy for Network Construction, Connections and Integration Services

The group has completed its analysis of the impacts on revenue and net profit from Network Construction, Connections and Integration Services as a result of the transition to AASB 15. The details are listed below for relevant contracts:

	Previous Policy	Effect of Change in Accounting Policy	Revised Policy
	$	$	$
Effects of the changes in Accounting Policy for Revenue	34,025,397	(541,669)	33,483,728

The impact on net profit before tax is not material.

Note 27. Related Party Transactions

The Group's main related parties are as follows:

a. **Parent entity**
Opticomm Co Pty Ltd is the parent entity, the parent entity's details are disclosed in Note 3.

b. **Subsidiaries**
Interests in subsidiaries are set out in Note 14.

Note 27. Related Party Transactions (Continued)

c. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel. Key management personnel's remuneration details are disclosed in Note 8.

The following table list the Group's KMP during FY2018. All KMP held their positions for the duration of FY2018 unless otherwise stated.

Key Management Personnel	Position Held	Period in position
Allan Brackin	Director	Full year
Paul Cross	Director and Chief Executive Officer	Full year
Dave Redfern	Director	Full year
Kenneth Ogden	Director	Full year
Greg Adcock	Director	Full year
Jennifer Douglas	Director	(21/08/2017 to 30/06/2018)
John Phillips	Chief Financial Officer	(29/08/2017 to 30/06/2018)
Martin Stockley	Chief Commercial Officer	Full year
Geoffrey Aldridge	Chief Operating Officer	Full year
Ben Liew	Chief Network Officer	(02/10/2017 to 30/06/2018)
Stephen Davies	Chief Technology Officer	Full year
Phillip Smith	Chief Regulatory Officer	Full year

d. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties; transactions with director related entities of a clearly trivial nature have not been disclosed:

	2018	2017
	$	$
Purchase of goods and services		
Other related party:		
Pitcher Partners	262,610	72,760
(Kenneth Ogden, a director, is a partner of Pitcher Partners)		

e. Loans to/from related parties

The Group had provided limited recourse loans to 5 key management personnel as part of key management personnel share plan in FY2017. The loan has been reversed in FY2018 in accordance with the requirements of AASB 2 *Share-based Payments*. Refer to Note 22 for details.

Note 28. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiary, leases. The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets	**2018**	**2017**
Current	**$**	**$**
Cash and cash equivalents	11,707,761	7,162,743
Trade and other receivables	7,848,446	7,362,824
	19,556,207	14,525,567
Non-Current		
Cash Deposits held for Client Guarantees	-	1,000,000
Cash Deposits held for Lease Guarantees	106,149	51,825
Security deposits	17,160	30,452
	123,309	1,082,277

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2018.

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, which includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the date of invoice.

Note 28. Financial Risk Management (Continued)

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the consolidated statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given to third parties in relation to obligations under its bank bill facility (refer to Note 24 for details).

No collateral is held by the Group securing receivables.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 11.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 11.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Bank overdrafts have been deducted in the analysis as the Group does not have such facilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liability. The Group does not hold any derivative financial liabilities directly.

Financing arrangements	2018 $	2017 $
Credit Card facility	200,000	200,000

Note 29. Events after the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 30. Company Details

The registered office of the company is:
OptiComm Co Pty Ltd
'Central Plaza One' Level 38, 345 Queen Street,
Brisbane, QLD, 4000

The principal place of business is:
OptiComm Co Pty Ltd
Unit 5, 297 Ingles Street,
Port Melbourne, VIC, 3207

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of OptiComm Co Pty Ltd, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 33, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Kenneth Ogden
Director

Dated this 18th day of October 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of OptiComm Co Pty Ltd and Controlled Entity

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OptiComm Co Pty Ltd (the Company) and Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of OptiComm Co Pty Ltd and Controlled Entity, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

C K Henry

Director

Brisbane, 18 October 2018