AnyCast Holdings Pty Ltd

ACN 128 650 635

Consolidated Financial Statements

For the Year Ended 30 June 2020

AnyCast Holdings Pty Ltd

ACN 128 650 635

Contents

For the Year Ended 30 June 2020

Directors' Report
30 June 2020

The directors present their report, together with the consolidated financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2020.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Thomas Berryman	
Jacob Carr	(Resigned 30 April 2020)
Alexander West	(Appointed 30 April 2020)

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

Principal activities

The principal activities of the Group during the financial year were was providing internet and telecommunications services.

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

2. Operating results and review of operations for the year

Operating results

The consolidated profit of the Group amounted to $ 873,568 (2019: $ 123,129).

Review of operations

The operating results of the Company has increased to a Net Profit of $873,568 (2019: Net Profit of $123,129); the Company realised return on significant capital investment in the prior year and enjoyed yet another year of significant revenue growth through sales of their high quality IP Transit and VISP products. This coupled with various refunds from major suppliers (reported as other income) ensuing from discovery of historically incorrect recurring Cost of Sales charges, has resulted in the Company posting its highest annual Net Profit since inception.

3. Other items

Events after the reporting date

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

AnyCast Holdings Pty Ltd

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Directors' Report
30 June 2020

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of AnyCast Holdings Pty Ltd.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 3 of the consolidated financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: Thomas Berryman (Oct 30, 2020 16:23 GMT+11) ....
Thomas Berryman

Dated 30 October 2020

PKF

AnyCast Holdings Pty Ltd
ACN 128 650 635

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of AnyCast Holdings Pty Ltd and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

DATE 30TH OCTOBER 2020
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

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AnyCast Holdings Pty Ltd

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	**6,972,813**	5,759,005
Other income	4	**667,582**	231,889
Cost of sales		**(4,508,985)**	(4,574,725)
Employee benefits expense		**(627,809)**	(487,913)
Depreciation and amortisation expense		**(471,972)**	(149,100)
Other expenses		**(762,355)**	(594,331)
Finance expenses		**(116,103)**	(10,668)
Profit/(loss) before income tax		**1,153,171**	174,157
Income tax expense		**(279,603)**	(51,028)
Profit/(loss) for the year		**873,568**	123,129
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**873,568**	123,129
Profit attributable to:			
Members of the parent entity		**873,568**	123,129
Total comprehensive income attributable to:			
Members of the parent entity		**873,568**	123,129

The accompanying notes form part of these financial statements.

AnyCast Holdings Pty Ltd

ACN 128 650 635

Consolidated Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**579,785**	122,699
Trade and other receivables	6	**972,471**	435,930
Inventories		**15,496**	-
Current tax receivable		**-**	118,895
TOTAL CURRENT ASSETS		**1,567,752**	677,524
NON-CURRENT ASSETS			
Property, plant and equipment	7	**405,341**	454,260
Right-of-use assets	8	**1,490,884**	-
TOTAL NON-CURRENT ASSETS		**1,896,225**	454,260
TOTAL ASSETS		**3,463,977**	1,131,784
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**375,245**	609,856
Current tax liabilities		**279,603**	-
Lease liabilities	8	**283,472**	-
Employee benefits	10	**2,130**	218,614
Financial liabilities	11	**75,115**	96,675
Other liabilities	12	**180,129**	2,144
TOTAL CURRENT LIABILITIES		**1,195,694**	927,289
NON-CURRENT LIABILITIES			
Lease liabilities	8	**1,250,702**	-
Financial liabilities	11	**74,363**	149,672
TOTAL NON-CURRENT LIABILITIES		**1,325,065**	149,672
TOTAL LIABILITIES		**2,520,759**	1,076,961
NET ASSETS		**943,218**	54,823
EQUITY			
Issued capital	13	**14,838**	12
Retained earnings		**928,379**	54,811
TOTAL EQUITY		**943,217**	54,823

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Ordinary Shares	Retained Earnings	Total
	$	$	$
Balance at 1 July 2019	**12**	**54,811**	**54,823**
Shares issued during the year	**14,826**	**-**	**14,826**
Profit attributable to members of the parent entity	**-**	**873,568**	**873,568**
Balance at 30 June 2020	**14,838**	**928,379**	**943,217**

2019

	Ordinary Shares	Retained Earnings	Total
	$	$	$
Balance at 1 July 2018	12	(68,318)	(68,306)
Profit attributable to members of the parent entity	-	123,129	123,129
Balance at 30 June 2019	12	54,811	54,823

The accompanying notes form part of these financial statements.

AnyCast Holdings Pty Ltd

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**7,790,343**	6,736,632
Payments to suppliers and employees		**(6,989,458)**	(6,458,374)
Finance Costs		**(1,678)**	(7,249)
Income taxes paid		**118,895**	152,364
Net cash provided by/(used in) operating activities	16	**918,102**	423,373
CASH FLOWS FROM INVESTING ACTIVITIES:			
Aquisition of property, plant and equipment		**(203,181)**	(152,241)
Proceeds from sale of property, plant and equipment		**17,986**	8,146
Net cash provided by/(used in) investing activities		**(185,195)**	(144,095)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of financial liablities		**(108,823)**	(61,808)
Repayment of borrowings		**-**	(134,443)
Proceeds/ (Repayment) of other liabilities		**177,985**	(3,851)
Payment of lease liabilities		**(344,983)**	-
Net cash provided by/(used in) financing activities		**(275,821)**	(200,102)
Net increase/(decrease) in cash and cash equivalents held		**457,086**	79,176
Cash and cash equivalents at beginning of year		**122,699**	43,523
Cash and cash equivalents at end of financial year	5	**579,785**	122,699

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

The consolidated financial report covers AnyCast Holdings Pty Ltd and its controlled entities ('the Group'). AnyCast Holdings Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the Directors' opinion, the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Corporations Act 2001.*

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies*, *Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Change in Accounting Policy

Leases - Adoption of AASB 16

The Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Group as a lessee

Under AASB 117, the Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the consolidated statement of financial position (except for short-term leases and leases of low value assets).

The Group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the consolidated statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;

2 Change in Accounting Policy (cont'd)

Leases - Adoption of AASB 16 (cont'd)

Impact of adoption of AASB 16 (cont'd)

- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the consolidated statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

Financial statement impact of adoption of AASB 16

The Group has recognised right-of-use assets of $1,540,139 and lease liabilities of $1,540,139 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 7.00%.

	$
Operating lease commitments at 30 June 2019 financial statements	1,859,140
Discounted using the incremental borrowing rate at 1 July 2019	1,540,139
Lease liabilities recognised at 1 July 2019	1,540,139

3 Summary of Significant Accounting Policies

(a) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

3 Summary of Significant Accounting Policies (cont'd)

(b) Revenue and other income (cont'd)

Specific revenue streams

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Revenue from internet services is generally recognised once the service has been delivered.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(c) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3 Summary of Significant Accounting Policies (cont'd)

(c) Income Tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

3 Summary of Significant Accounting Policies (cont'd)

(g) Property, plant and equipment (cont'd)

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

(h) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument’s category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

3 Summary of Significant Accounting Policies (cont'd)

(h) Financial instruments (cont'd)

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Financial liabilities

The Company’s financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

3 Summary of Significant Accounting Policies (cont'd)

(h) Financial instruments (cont'd)

Impairment of financial assets (cont'd)

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due. Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

(i) Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs, except for goodwill.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

3 Summary of Significant Accounting Policies (cont'd)

(k) Employee benefits (cont'd)

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(n) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

4 Revenue and Other Income

	2020	2019
	$	$
Revenue		
- sale of services	**6,972,813**	5,759,005
	6,972,813	5,759,005
Other income		
- Interest income	**973**	31
- Other income	**666,609**	231,858
	667,582	231,889
Total Revenue	**7,640,395**	5,990,894

5 Cash and Cash Equivalents

	2020	2019
Cash at bank and in hand	**579,785**	122,699

Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Trade and Other Receivables

	2020	2019
	$	$
CURRENT		
Trade receivables	**548,414**	191,534
GST receivable	**-**	5,882
Loans to related parties	**197,767**	236,734
Other receivables	**911**	1,780
Prepayments	**225,379**	-
Total trade and other receivables	**972,471**	435,930

7 Property, plant and equipment

	2020	2019
Plant and equipment		
At cost	**925,779**	1,019,406
Accumulated depreciation	**(544,405)**	(594,989)
Total plant and equipment	**381,374**	424,417
Office equipment		
At cost	**50,626**	39,046
Accumulated depreciation	**(26,659)**	(34,784)
Total office equipment	**23,967**	4,262
Leasehold Improvements		
At cost	**-**	60,593
Accumulated amortisation	**-**	(35,012)
Total leasehold improvements	**-**	25,581
Total property, plant and equipment	**405,341**	454,260

8 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Group as a lessee

The Group has leases over a range of assets including land and buildings, and network assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Land and buildings

The Company leases land and buildings for their corporate offices and other buildings, the leases are generally

8 Leases (cont'd)

between 3 - 10 years and some of the leases include a renewal option to allow the Company to renew for up to twice the noncancellable lease term.

The corporate office lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Network access agreements

The Company has in place access agreements for maintenance of network equipment. The leases are can vary in length, with the access agreements usually being rolling 12month agreements. In these instances the Company has determined the length of the lease to be the identifiable useful life of the equipment placed there on, which has been set at 7 years.

Dark Fibre agreements

The Company has agreements to gain exclusive access to underground fibre cabling. The leases usually have an initial term of 36 months, after which they revert to a rolling month-to-month contract. In these instances the Company has determined the length of these leases to be the average length of time that they utilise the dark fibre cabling, which has been set at 7 years.

Right-of-use assets

	Buildings $	Network Assets $	Total $
Year ended 30 June 2020			
Balance at beginning of year	35,031	1,505,108	1,540,139
Depreciation charge	(20,281)	(265,521)	(285,802)
Additions to right-of-use assets	-	236,547	236,547
Balance at end of year	14,750	1,476,134	1,490,884

Lease liabilities

The maturity analysis of lease liabilities based on contractual discounted cash flows is shown in the table below:

	Current $	Non-current $	Lease liabilities included in this Consolidated Statement Of Financial Position $
2020			
Lease liabilities	283,472	1,250,702	1,534,174

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**280,379**	474,171
GST payable	**86,066**	-
Loans to related parties	**-**	132,716
Other payables	**8,800**	2,969
	375,245	609,856

10 Employee Benefits

	2020	2019
CURRENT		
Long service leave	**-**	49,936
Provision for employee benefits	**2,130**	168,678
	2,130	218,614

11 Financial Liabilities

	2020	2019
CURRENT		
Hire purchase liabilities	**75,115**	96,675
NON-CURRENT		
Hire purchase liabilities	**74,363**	149,672

12 Other Liabilities

	2020	2019
CURRENT		
Credit cards payable	**180,129**	2,144
	180,129	2,144

13 Issued Capital

	2020	2019
(2019: 1200) Ordinary shares	**14,838**	12

14 Capital and Leasing Commitments

(a) Operating Leases

	2020	2019
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**-**	346,790
- between one year and five years	**-**	1,512,350
	-	1,859,140

14 Capital and Leasing Commitments (cont'd)

(a) Operating Leases (cont'd)

Refer to note 8 for information on leases held under AASB 16 at 30 June 2020.

15 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

16 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020 $	2019 $
Profit for the year	**873,568**	123,129
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**471,972**	149,100
- net loss on disposal of property, plant and equipment	**47,945**	-
- interest payable on hire purchase leases	**11,954**	3,418
- interest on lease liabilities	**102,471**	-
- share options expensed	**14,826**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(536,541)**	303,239
- (increase)/decrease in inventories	**(15,496)**	-
- (increase)/decrease in tax assets	**-**	33,470
- increase/(decrease) in trade and other payables	**(234,611)**	(269,047)
- increase/(decrease) in income taxes payable	**398,498**	-
- increase/(decrease) in provisions	**(216,484)**	80,064
Cashflows from operations	**918,102**	423,373

17 Events Occurring After the Reporting Date

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Statutory Information

The registered office of the company is:

AnyCast Holdings Pty Ltd
61-63 Victoria Street
Warragul
Vic 3820

The principal place of business is:

Unit 5, Level 1
15 Phoenix Street
Warragul
Vic 3820

AnyCast Holdings Pty Ltd

ACN 128 650 635

Directors' Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose consolidated financial report should be prepared in accordance with the accounting policies described in Note 3 to the consolidated financial statements.

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 4 to 21, are in accordance with the *Corporations Act 2001* and:

    (a) comply with Accounting Standards as stated in Note 1; and

    (b) give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 3 to the consolidated 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.

Director Thomas Berryman (Oct 30, 2020 16:23 GMT+11)........................

Thomas Berryman

Dated 30 October 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANYCAST HOLDINGS PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AnyCast Holdings Pty Ltd and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by directors.

In our opinion, the accompanying financial report presents fairly, in all material respects the financial position of the Group as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1.

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 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 financial reporting responsibilities of the board. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 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, 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 Management and Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process.

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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

DATE 30TH OCTOBER 2020
SYDNEY, NSW