ASX Announcement

27 August 2019

LODGEMENT OF APPENDIX 4E – YEAR ENDED 30 JUNE 2019

Please find attached Superloop Limited's (**ASX: SLC**) (**Company**) unaudited Preliminary Final Report for the year ended 30 June 2019.

The full annual report together with the financial report and the auditors' report for the Company will be released by 30 September 2019.

Highlights:

- FY19 EBITDA of $8.5m on $119.8m of total group revenues
- Core fibre connectivity revenues up 89% year-on-year (YoY) to $35.2m
- Core Asia Pacific loop now live and connected with launch of INDIGO subsea cable and Australian national backbone complete, with 392 buildings across key markets in Singapore, Hong Kong and Australia now connected by 894km of fibre, and ~9,000km INDIGO subsea cable
- Net book value of assets of $1.37 per share at 30th June 2019 on $346m net assets; $346m net assets post $50.7m impairment of non-core services segment
- At 30th June 2019, the group had net debt of $70.3m including $18.9m cash & cash equivalents
- Reconfirming FY20 $14m-$16m EBITDA guidance, excluding other one-off transactions that may occur
- Superloop is now poised to execute on its strategy of changing the way Asia Pacific connects by meeting the bandwidth demands in a cloud-first world

Superloop Limited
ABN 96 169 263 094
Appendix 4E
Preliminary Final Report

Results for announcement to the market

For the year 1 July 2018 to 30 June 2019
(previous corresponding period to 30 June 2018)

Summary of Financial Information

	30 June 2019 $'000	30 June 2018 $'000	Change $'000	Change %
Revenue from ordinary activities	117,338	115,491	1,847	1.60%
Total revenue and other income	119,845	118,158	1,687	1.43%
Earnings before interest, tax, depreciation, amortisation and foreign exchange gains/losses (EBITDA)	8,499	22,092	(13,593)	(61.53%)
(Loss) / profit from ordinary activities after income tax for the year attributable to members	(72,057)	1,316	(73,373)	(5575.46%)
(Loss) / profit from ordinary activities after income tax attributable to members	(72,057)	1,316	(73,373)	(5575.46%)

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

The Group achieved a $(72.1) million after-tax loss generated in FY19 (compared to a $1.3m after-tax profit in FY18). Net loss before tax was $(84.4) million (compared to a loss of $(2.8) million in FY18). An impairment of $50.7 million, for the retiring of non-core, non-bandwidth services segment is the main contributing factor to the year on year change.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $8.5 million including $1m of one-off non-recurring costs related to integrating prior year acquisitions (compared to $22.1 million in FY18).

Explanation of revenue

Superloop's revenue from ordinary activities for the year was $117.3 million, up $1.8 million from the previous corresponding period.

The Group's Connectivity operating segment (which in FY18 was named 'Superloop'), which includes the Superloop fibre infrastructure and high performance network solution businesses, fixed wireless wholesale and corporate products as well as revenue associated with SubPartners' undersea cable activities, contributed revenue of $57.7 million.

The Group's Broadband segment, which covers Guest Wifi and Home Broadband (encompassing NuSkope's retail wireless broadband services, GX2 Technology's managed WiFi, campus broadband solutions and the fixed line NBN subscriber base acquired from SkyMesh in June 2018) contributed revenue of $35.0 million.

The Group's Services operating segment (which in FY18 was labelled 'Superloop+') contributed revenue of $24.7 million.

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Net Tangible Assets

	30 June 2019	30 June 2018
Net tangible assets per ordinary share	$0.44	$0.44

The number of Superloop ordinary shares on issue at 30 June 2019 was 253,301,037 (30 June 2018: 228,499,540).

Dividends

No final or interim dividends were declared or paid during the year.

Additional Information

Additional Appendix 4E Disclosures can be found in the pages that follow including the unaudited financial information, which is in the process of being audited.

The Preliminary Final report is based on accounts to which one of the following apply

☐ The accounts have been audited.
☐ The accounts have been subject to review.
■ The accounts are in the process of being audited or subject to review.
☐ The accounts have not yet been audited or reviewed.

The audit is currently in progress, with full annual report together with the financial report and the auditors' report for the Company to be released by 30 September 2019.

Review of Operations

The Group had a full year net loss after tax of $72.1 million in FY19 (compared to a profit of $1.3 million in FY18). Net loss before tax was $84.4 million (compared to a net loss of $2.8 million in FY18). The year on year change is due to impairment of $50.7 million for the retiring of non-core, non-bandwidth services segment.

FY19 Group Profit & Loss Performance

	FY17[1]	FY18[1]	FY19	YoY
Total Revenue	$57.7	$118.2	$119.8	+1.4%
Revenue exc. subsea dev.	**$54.8**	**$104.2**	**$115.8**	+11%
Direct Costs	$(28.0)	$(51.1)	$(61.4)	+20%
Gross Margin	$29.7	$67.0	$58.5	-13%
Gross Margin exc. subsea dev.	**$26.8**	**$54.0**	**$55.0**	+2%
Gross Margin %	51%	57%	49%	-8%
Gross Margin exc. subsea dev. %	49%	52%	47%	-5%
Operational Costs	$(27.2)	$(44.9)	$(50.0)	+11%
EBITDA *(AASB15)*	**$2.5**	**$22.1**	**$8.5**	
Depreciation & Amortisation[2]	$(9.0)	$(22.1)	$(36.5)	
Non-Cash Impairment[2]	-	-	$(50.7)	
Net profit/ (loss) before tax	$(7.8)	$(2.8)	$(84.4)	

[1] Prior year adopting AASB15 standard retrospectively
[2] Impairment of non-core CMS services segment includes $43.3m goodwill, PP&E and accelerated amortisation of contracts

Revenue exc. subsea development +11% YoY

Direct costs
+20% YoY incl. full year impact of off-net costs from broadband acquisition & expanded network

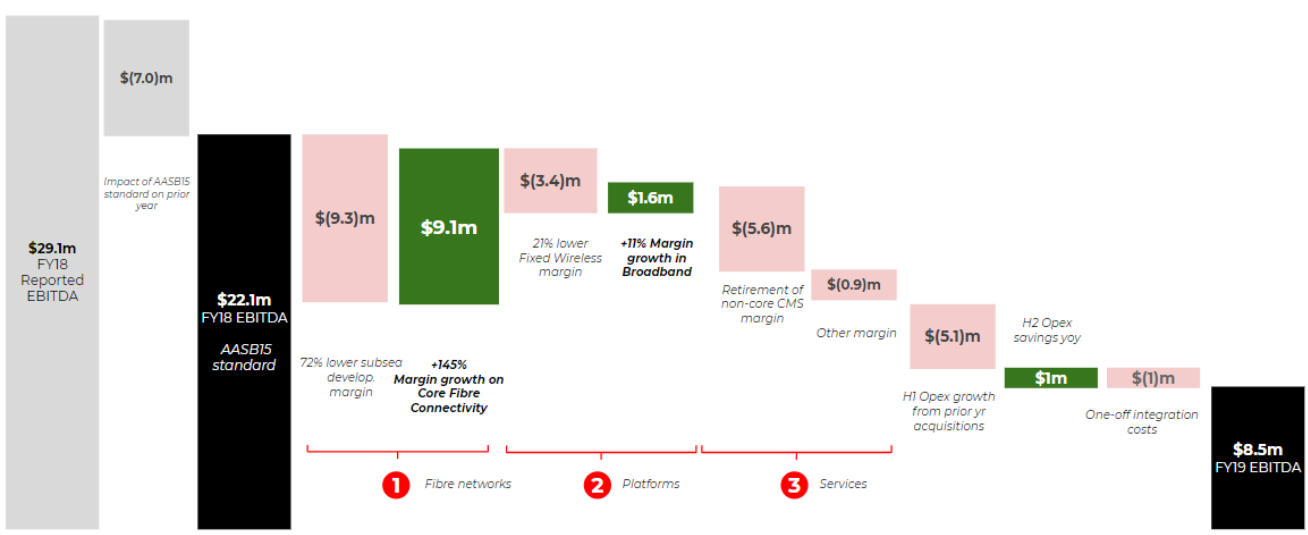
Gross margin exc subsea dev.
+2% YoY

Operational costs
+11% YoY from annualisation of acquisitions. Q4 opex down 15% YoY from integration savings

[2] **Non-cash impairment**
$(50.7)m relating to ~25% of acquired businesses from retiring non-core, non-bandwidth services including $(43.3)m goodwill

The Group generated earnings before interest, tax, depreciation and amortisation (EBITDA) of $8.5 million (compared to $22.1 million in FY18). Revenue from continuing operations grew to $117.3 million compared to the previous corresponding period of $115.5 million.

FY19 EBITDA movements on prior year



On a geographic basis, the Australian component of the 'Connectivity' operating segment, contributed revenue and other income of $46.1 million. Singapore contributed revenue of $10.3 million, an increase of $4.3 million or 72% year on year growth over the previous corresponding period. Hong Kong contributed $3.1 million in revenue, an increase of $1.3 million or 74% year on year growth over the previous corresponding period.

FY19 Gross Margin Performance by Segment

superloop

	1 Fibre networks		2 Platforms			3 Services
	Connectivity			Broadband		Services
$m AUD	Core Fibre Connectivity	Subsea Cable Dev.	Fixed Wireless Connectivity	Guest WiFi	Home Broadband	CMS + Cybersecurity
FY19						
Revenue	$35.2	$3.7	$20.6	$18.7	$16.9	$24.7
Gross Margin	$15.4	$3.6	$12.9	$9.9	$6.0	$10.8
Gross Margin %	44%	97%	62%	53%	35%	45%
FY18						
Revenue	$18.6	$13.8	$21.8	$19.3	$7.4	$36.6
Gross Margin	$6.3	$12.8	$16.2	$9.1	$5.2	$16.4
Gross Margin %	34%	93%	75%	47%	70%	44%
GM YoY	**$9.1**	**$(9.3)**	**$(3.4)**	**$0.8**	**$0.8**	**$(5.6)**
GM Growth	**+145%**	**-72%**	**-21%**	**+9%**	**+15%**	**-34%**

Core Fibre Connectivity
+145% margin growth gaining operating leverage from fibre network assets as customers are onboarded

Fixed Wireless Connectivity
Margin decline partly driven by lower internal cross-charging with Guest WiFi and the retirement of procurement revenue streams

Subsea Cable Development
Prior year contained ~$13m margin from one-off development revenues

Guest WiFi
Lower H219 from sale of non APAC customer base, and re-pricing 'out of bundle'

Home Broadband
Revenue growth from acquiring NBN customer base at zero margin off-net prior to moving onto Superloop network

Services inc. CMS & Cybersecurity
Retirement of non-core low-bandwidth cloud managed services

Operating expenses for the period were $111.3 million. Employee costs were $32.8 million including exit cost of $1 million.

FY19 Direct & Indirect Operating Costs Performance

superloop

	FY18	FY19	YoY	
Connectivity Direct Costs	$(18.9)	$(27.7)	+47%	
Broadband Direct Costs	$(12.4)	$(19.8)	+60%	
Services Direct Costs	$(20.2)	$(13.9)	-31%	
Other Direct Costs	$0.3	-	-100%	
Total Direct Costs	**$(51.1)**	**$(61.4)**	+20%	**Q4 YoY**
Employee Costs (exc exit costs)	$(30.2)	$(31.9)	+6%	-14%
Exit costs		$(1.0)		
Professional fees	$(4.0)	$(4.0)	-1%	-54%
Marketing costs	$(1.9)	$(2.5)	+32%	+14%
Admin. and other expenses	$(8.8)	$(10.6)	+20%	+2%
Total Operating Costs	**$(44.9)**	**$(50.0)**	**+11%**	**-15%**

[1] AVC/CVC = NBN variable costs; Access Virtual Circuit & Connectivity Virtual Circuit

Direct Costs
Up 20% year-on-year from acquisition networks prior to full integration & construction rollout

Broadband direct costs incl. both NBN CVC/AVC[1] and off-net costs prior to migrating customer base onto Superloop network

Services costs down in line with revenue

Operating Costs
Annualisation of prior year acquisitions and sponsorship of ADL500

Q4 Operating Costs
Down 15% year-on-year after integration of prior acquisitions.

At 30 June 2019, the Group held $18.9 million in cash and cash equivalents. The Group invested $66.2 million in network assets in the year, and at 30 June 2019 held property, plant and equipment of $228.6 million.

At 30 June 2019, the Group held intangible assets of $234.2 million including rights to access (via Indefeasible Rights to Use (IRU) agreements) network capacity in Australia, Singapore and Hong Kong as well as intangible assets arising from business combinations.

Cash flows from operations contributed $5.2 million.

Financial Position at June 30th 2019

Cash Flow ($m)	FY18	FY19	Change
Operating cash flows	37.9	5.3	(32.6)
Investing cash flows	(91.8)	(53.1)	38.7
Financing cash flows	63.0	51.7	(11.3)
Net cash flows	15.4	18.9	3.5
	30 June	30 June	
Balance Sheet ($m)	**2018**	**2019**	**Change**
Cash & cash equivalents	**15.4**	**18.9**	**3.5**
Property, plant & equipment	182.1	228.7	46.6
Network IRUs	39.9	47.3	7.4
Goodwill from acquisitions	178.3	135.1	(43.3)
Other intangible assets	62.4	51.8	(10.6)
Total Assets	**514.1**	**526.7**	**12.6**
Net debt[1]	47.3	70.3	22.9
Total Liabilities	132.3	183.3	51.0
Net Assets	**381.8**	**346.2**	**(35.7)**

[1] *Net debt = short-term & long-term interest-bearing borrowings less cash & cash equivalents*

Cash Flows
FY18 operating cash flows included a greater number of IRUs and one-off sales

Investing cash outflows lower in FY19 from lower investment in acquisitions & intangibles

Financing cash flows from $31m equity and $26m debt versus $35m equity and $33m debt in prior year

Balance Sheet
$54m increase in network assets including indefeasible rights to use (IRUs), partially offset by $(50.7)m impairment relating to legacy 'services' segment

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 *Restated $'000
Revenue	5	117,338	115,491
Other income	5	2,507	2,667
Total revenue and other income		**119,845**	**118,158**
Direct costs		(61,366)	(51,140)
Employee benefits expense		(32,800)	(29,858)
Share based payments expense		(112)	(375)
Professional fees		(3,995)	(4,020)
Marketing costs		(2,487)	(1,887)
Administrative and other expenses		(10,586)	(8,786)
Total expenses		**(111,346)**	**(96,066)**
Earnings before interest, tax, depreciation, amortisation and foreign exchange gains/losses (EBITDA)		**8,499**	**22,092**
Depreciation and amortisation expense		(36,513)	(22,085)
Impairment Losses	12 / 13	(50,683)	-
Interest expense	6	(5,054)	(1,852)
Foreign exchange gains / (losses)	7	(429)	(818)
Share of associate's profit / (loss)	11	(195)	(136)
Loss before income tax		**(84,375)**	**(2,799)**
Income tax benefit		12,318	4,115
(Loss) / profit for the year after tax for the year attributable to the owners of Superloop Limited		**(72,057)**	**1,316**
Other Comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		5,684	4,073
Net fair value gain on hedging transactions entered into the cash flow hedge reserve		461	892
Total Other Comprehensive Income, net of income tax		**6,145**	**4,965**
Total Comprehensive (Loss) / Profit for the year attributable to the owners of Superloop Limited		**(65,912)**	**6,281**

Profit / (Loss) per share for profit /(loss) attributable to the ordinary equity holders of the Group:	Note	Cents	Cents
Basic (loss) / profit per share	27	(30.52)	0.59
Diluted (loss) / profit per share	27	(30.52)	0.59

* Please refer to Note 3 AASB 15 Restatement for further information

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 *Restated $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	18,898	15,437
Trade and other receivables	9	27,072	11,120
Current tax asset		1,043	1,518
Other current assets		7,063	7,018
Total Current Assets		**54,076**	**35,093**
NON-CURRENT ASSETS			
Property, plant and equipment	12	228,675	182,127
Intangible assets	13	234,169	280,669
Other non-current assets	10	3,135	3,828
Investment in associate	11	-	9,994
Deferred tax assets		9,435	2,354
Total Non-Current Assets		**475,414**	**478,972**
TOTAL ASSETS		**529,490**	**514,065**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	50,329	32,233
Provisions	16	2,679	2,813
Deferred revenue	17	4,208	6,463
Interest-bearing borrowings	15	2,462	-
Total Current Liabilities		**59,678**	**41,509**
NON-CURRENT LIABILITIES			
Provisions	16	2,109	2,549
Deferred revenue	17	34,279	18,245
Interest-bearing borrowings	15	86,692	62,779
Deferred tax liabilities		574	7,172
Total Non-Current Liabilities		**123,654**	**90,745**
TOTAL LIABILITIES		**183,332**	**132,254**
NET ASSETS		**346,158**	**381,811**
EQUITY			
Contributed equity	18	426,283	395,911
Reserves	19	6,266	234
Other equity		(3,327)	(3,327)
Accumulated losses	20	(83,064)	(11,007)
TOTAL EQUITY		**346,158**	**381,811**

* Please refer to Note 3 AASB 15 Restatement for further information

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

For the year ended 30 June 2019	Contributed equity $'000	Reserves $'000	Other equity $'000	Accumulated losses $'000	Total equity $'000
Restated Balance at 1 July 2018	**395,911**	**234**	**(3,327)**	**(11,007)**	**381,811**
Profit for the year	-	-	-	(72,057)	**(72,057)**
Other comprehensive income for the year	-	6,145	-	-	**6,145**
Total Comprehensive Income for the year	**-**	**6,145**	**-**	**(72,057)**	**(65,912)**
Dividends paid	-	-	-	-	**-**
Share based payments	-	(113)	-	-	**(113)**
Issue of ordinary share capital	31,106	-	-	-	**31,106**
Share issue costs	(734)	-	-	-	**(734)**
Balance at 30 June 2019	**426,283**	**6,266**	**(3,327)**	**(83,064)**	**346,158**

For the year ended 30 June 2018	Contributed equity $'000	Reserves $'000	Other equity $'000	Accumulated losses* $'000	Total equity* $'000
Previously Reported Balance at 1 July 2017	**351,290**	**(4,894)**	**(3,327)**	**(9,597)**	**333,472**
Change in accounting policy arising from AASB15: 'Revenue from contracts with customers'	-	-	-	(1,677)	**(1,677)**
Restated balance as at 1 July 2017	**351,290**	**(4,894)**	**(3,327)**	**(11,274)**	**331,795**
Restated Profit for the year	-	-	-	1,316	**1,316**
Other comprehensive income for the year	-	4,965	-	-	**4,965**
Restated Total Comprehensive Income for the year	**-**	**4,965**	**-**	**1,316**	**6,281**
Dividends paid	-	-	-	(1,049)	**(1,049)**
Share based payments	-	163	-	-	**163**
Issue of ordinary share capital	45,298	-	-	-	**45,298**
Share issue costs	(677)	-	-	-	**(677)**
Restated Balance at 30 June 2018	**395,911**	**234**	**(3,327)**	**(11,007)**	**381,811**

* Please refer to Note 3 AASB 15 Restatement for further information

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

For the year ended 30 June 2019	Note	30 June 2019 $'000	30 June 2018 $'000
OPERATING ACTIVITIES			
Receipts from customers		115,918	134,599
Payments to suppliers and employees		(110,100)	(98,289)
Income taxes (paid) / received		(525)	1,632
Net cash inflow from operating activities	25	**5,293**	**37,942**
INVESTING ACTIVITIES			
Interest received		68	34
Payments for property, plant and equipment		(52,048)	(44,084)
Payments for intangible assets		(9,254)	(23,416)
Net cash outflow on acquisition of subsidiaries		-	(12,355)
Net cash inflow / (outflow) on investment in associate		10,138	(10,129)
Deferred consideration payments		(2,000)	(1,542)
Transaction costs associated with the acquisition of subsidiaries		-	(330)
Net cash inflow / (outflow) from investing activities		**(53,096)**	**(91,822)**
FINANCING ACTIVITIES			
Proceeds from issues of shares		31,106	35,000
Transaction costs paid in relation to issue of shares		(734)	(1,113)
Dividends paid		-	(1,050)
Proceeds from borrowings (net of fees)		41,375	65,230
Repayment of borrowings		(15,000)	(32,725)
Interest paid		(5,054)	(2,295)
Net cash inflow from financing activities		**51,693**	**63,047**
Net increase/(decrease) in cash and cash equivalents held		3,890	9,167
Cash and cash equivalents at the beginning of the year	8	15,437	7,105
Foreign exchange movement in cash		(429)	(835)
Cash and cash equivalents at the end of the year	8	**18,898**	**15,437**

The notes following the financial statements form part of the Financial Information.

Notes to the Consolidated Financial Information

1 Summary of significant accounting policies

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

(A) REPORTING YEAR AND COMPARATIVE INFORMATION

These financial statements cover the period 1 July 2018 to 30 June 2019. The prior year covers the period 1 July 2017 to 30 June 2018. Comparative information has, where necessary and immaterial, been reclassified to be consistent with current year disclosures. A full 1 July 2017 restated Statement of Financial Position has not been included in the Statement of Financial Position as the impact of AASB 15 has been disclosed in Note 3 and is not significant on the 1 July opening position.

(B) BASIS OF PREPARATION

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

The Superloop Group has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The financial impact of the adoption of AASB 15 has been disclosed in note 3.

(iii) Early adoption of standards issued, but not effective

The Group has not elected to apply any pronouncements before their operative date in the financial year beginning 1 July 2018.

(iv) Historical cost convention

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

(v) Going concern

The financial statements have been prepared on the basis that the Group is a going concern, able to realise assets in the ordinary course of business and settle liabilities as and when they fall due. Like some other participants in the telecommunications sector, the Group experienced a challenging environment during FY 2019, with declines in the Services Segment in the year ended 30 June 2019, resulting in impairments of $50.7 million for the year (see note 12 and 13) and therefore incurred a statutory loss after tax of $72.1 million. The Group had net current liabilities of $5.6 million at the balance sheet date, and net debt of $70.3m. Despite the aforementioned, the Group generated positive cash flows from operating activities of $5.3 million and generated a positive EBITDA of $8.5 million.

The group has invested $258m capital into brand new fibre networks that are on average 2 years into a 20+ year useful life and are part of the Group's total net assets of $346m as at 30th June 2019. In addition, the core fibre connectivity revenues are growing significantly as the company monetises these new assets.

The directors and management are well advanced in a capital restructure review in order to better match the funding needs and growth opportunities of the group against the capital requirements of a growing infrastructure business.

In terms of the existing arrangements, as referred to in note 15 of the financial statements, the Group's revolving debt facility is subject to certain financial covenants including a Leverage Ratio and Interest Cover Ratio. As at 30 June 2019 the Group had agreed variations with certain undertakings in respect of the Leverage and Interest Cover covenants and agreed with its lenders to retest the covenants at 30 September 2019. The Group has prepared detailed profit and loss and cash flow forecasts for the next 12 months and has foreshadowed that, given the current levels of net debt, cash generation and EBITDA growth trend in the short term, it may not meet the originally-agreed Leverage Covenant and Interest Cover at 30 September 2019, if tested at that date. As mentioned, the current capital restructure review is aimed at delivering a more optimal capital structure considering the funding needs of the Group and its capital requirements as a growing infrastructure business. In doing so the Group estimates that it will need to either: a) raise additional capital or realise funds from asset sales, or b) agree future variations to the quarterly covenants or renegotiate those covenants. In respect of a) the Company is in advanced discussions with interested parties around a number of different capital options including non-core/specific asset sales, the issue of appropriate financial instruments and/or additional equity capital. Given these discussions, the stature of interested parties, the Group's track record of securing additional funding, successful asset sales and with the historic cooperation from its lenders, the directors therefore have reasonable grounds to believe that the Group will achieve a satisfactory outcome in respect of the above mentioned matters.

(C) PRINCIPLE OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with

the policies adopted by the Group.

(ii) Business Combinations under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory.

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

This other equity relates to transactions during the period ended 30 June 2015 to form the Group.

(iii) Investment in Associate

An associate is an entity over which the Group has significant influence. The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(D) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the operations of the Group and the internal reporting provided to the chief operating decision maker. The Group's operating segments have remained consistent in FY19 on the prior year, albeit renamed Connectivity (formerly 'Superloop'), Services (formerly 'Superloop+'), Broadband (formerly 'Superbb') and Group Shared Services (formerly Corporate).

(E) REVENUE RECOGNITION

Superloop earns revenue from contracts with customers primarily through the provision of telecommunications and other related offerings. Superloop records revenue from contracts with customers over time or at a point in time on the delivery of the promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised for the major business activities as follows:

(i) Customer Revenue

Long term capacity arrangements (including rights-of-use ('IRU') agreements) provide customers exclusive access to fibre core capacity over an agreed contract term. These arrangements include the initial provisioning of the fibres, ongoing availability of capacity and maintenance of the infrastructure over the contract term which form part of an integrated service to the customer and is considered to be a single performance obligation. The transaction price is generally fixed, net of any upfront discounts given. The customer receives and consumes the benefit of the service simultaneously and revenue is recognised over time, as the service is performed.

IRU agreements generally require the customer to make payment upon the execution of the agreement. In these cases the group receives most or all of the transaction price at the inception of the contract, resulting in a contract liability being recognised upfront and amortised over the contract term. Contract liabilities are presented in the group's consolidated statement of financial position as deferred revenue.

At inception of each IRU contract, in determining the transaction price, Superloop gives consideration to whether the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. Factors considered takes into account the difference, if any, between the amount of promised consideration and the cash selling price of the promised goods or services, and the combined effect of the expected length of time between when Superloop transfers the promised goods or services to the customer and when the customer pays for those goods or services and the prevailing interest rates in the relevant market. If a significant financing component is deemed to exist, the transaction price is adjusted for the effects of the time value of money, and for revenue to be recognised at an amount that reflects the price that a customer would have paid if the customer had paid cash for the goods or services when (or as) they transfer to the customer (i.e. the cash selling price).

When the period between transferring a good or service and the customer paying for it will be one year or less, Superloop will adopt the practical expedient available in AASB 15 not to adjust the consideration for the effects of a significant financing component and applies this policy consistently to contracts with similar characteristics and in similar circumstances.

The revenue in relation to long term capacity arrangements and IRU's are all recognised within the Superloop Connectivity segment.

Services

Superloop provides a range of tailored services to customers. Revenue associated with these arrangements is recognised over time as the services are performed.

Hardware and software sales
Superloop sells certain hardware and software products to customers, including installation services as an integrated offering with the respective hardware or software products. Revenue in relation to hardware is recognised on delivery at the point in time when the customer obtains control of the goods. Software products are provided to the customer on-premises with a right-to-use the software as it exists when made available to the customer, generally with no further service obligation once the product has been installed. Revenue from distinct on-premises licenses with no further service obligation is recognised upfront at the point in time when the software is made available to the customer.

There are some software products which require minor ongoing maintenance and software upgrades that do not significantly modify the form or function of the software and are therefore accounted for as a performance obligation distinct from the installed software. The stand-alone selling price of the ongoing maintenance and software updates has been determined using a residual approach, by reference to the total transaction price less the sum of the observable stand-alone selling price of the installed software (using an expected cost plus margin approach). Revenue associated with the ongoing service obligation is recognised over the term of the contract.

Contract Costs
For certain long-term capacity agreements and managed services contracts, upfront set-up type activities are required to be performed for hardware to be installed to activate these arrangements. For costs incurred in fulfilling the contract with the customer that are within the scope of another Standard, the group accounts for those costs in accordance with those standards (e.g. AASB 116 Property, Plant and Equipment). Where the costs do not fall within the scope of another standard, the guidance in AASB 15 is applied and Superloop defers costs incurred to fulfil contracts that relate directly to the contract, are expected to generate resources that will be used to satisfy Superloop's performance obligation under the contract and are expected to be recovered through revenue generated under the contract. Contract fulfilment costs capitalised under AASB 15 are expensed to cost of service as Superloop satisfies its performance obligations under each arrangement. Deferred costs are presented in the group's consolidated statement of financial position as other current and other non-current assets.

(ii) Other Revenue

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Research & Development Tax Offset

The Group applies AASB 120 Accounting for Government Grants and Disclosure of Government Assistance in accounting for the Research & Development (R&D) Tax Offset, whereby a credit is recognised in profit before tax over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred. Where R&D costs are capitalised, the government grant income is deferred and recognised over the same period that such costs are amortised.

(F) CASH AND CASH EQUIVALENTS

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

(G) TRADE RECEIVABLES

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

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. An allowance for expected credit loss is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the allowance for expected credit loss is recognised in the Consolidated Statement of Comprehensive Income within administrative expenses. When a trade receivable for which an allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other administrative expenses in the Consolidated Statement of Comprehensive Income.

(H) CONSUMPTION TAXES

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

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

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

(I) INCOME TAX

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(J) INVESTMENTS AND OTHER FINANCIAL ASSETS

Loans and receivables

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting year which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 9) in the Consolidated Statement of Financial Position.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Consolidated Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition of the financial asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

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

The Group records lifetime expected losses on all eligible financial assets including trade receivables, contract assets and lease receivables.

Assets carried at amortised cost

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

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

(K) PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the reporting year in which they are incurred.

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

Category	Useful life
Network assets	15-40 years
Communication assets	3-5 years
Other assets	3-10 years
Leasehold Improvements	3-10 years

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

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

(L) ASSETS IN THE COURSE OF CONSTRUCTION

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

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

(M) INTANGIBLE ASSETS

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful lives:

Category	Useful life
Rights and licenses	3-15 years
Software	3-5 years
Customer acquisition costs	3-8 years
Customer relationships, brands & trademarks	3-10 years

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

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

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

Indefeasible Rights to Use ('IRUs')

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

Goodwill

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

Software

On the acquisition of a company, internally developed software and systems are valued and brought to account as intangible assets and valued at its amortised replacement cost or discounted future earnings. Software is amortised on a straight-line basis over the period of its expected benefit.

Spectrum Licenses

Spectrum licence assets acquired as part of a business combination are measured at their fair value at the date of acquisition. The amortisation of spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset based on the current renewal dates of each licence.

Customer acquisition costs

Direct customer acquisition costs in relation to customer contracts are recognised as an asset where it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Customer acquisition costs recognised as an asset are amortised from the inception of the contract over the lesser of the period of the contract and the period during which the future economic benefits are expected to be obtained, and reviewed for impairment at the end of the financial year. Customer acquisition costs not recognised as an asset are expensed as incurred.

Other intangibles

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

(N) LEASES

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(O) IMPAIRMENT OF ASSETS

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

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(P) TRADE AND OTHER PAYABLES

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

(Q) BORROWINGS

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

(R) EMPLOYEE BENEFITS

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Retirement benefit obligations

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

(iv) Share-based payments

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

(S) BORROWINGS COSTS

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

(T) CONTRIBUTED EQUITY

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

(U) FOREIGN EXCHANGE

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

Foreign Currency Transactions

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

Foreign Operations

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

(V) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit / (loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year (Note 27).

(ii) Diluted earnings per share

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

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

(W) ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and issued pursuant to section 341(1) of the Corporations Act 2001. In accordance with that Instrument, amounts in the financial statements have been rounded to the nearest thousand dollars.

(X) HEDGING

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

(Y) HEDGE ACCOUNTING

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

(i) Cash flow hedge

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

(ii) Fair Value hedge

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

2 Application of new and revised accounting standards

The Group's assessment of the impact of the new standards, amendments and interpretations are provided below.

(A) New and amended standards that are effective from the current year

(1) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The standard is applicable to annual reporting periods beginning on or after 1 January 2018 and accordingly the group has applied this standard from 1 July 2018. The group has adopted AASB 15 using the fully retrospective approach and has restated comparative information.

Impact of adopting AASB 15

The only material impact on Superloop resulting from the adoption of AASB 15 relates to long term capacity arrangements.

Under Superloop's previous accounting policy, revenue from long term capacity arrangements was recognised in line with the delivery of the services, based on the stage of completion (the percentage of completion method using the proportion of costs incurred to date compared to the estimated total costs). This has historically resulted in a larger proportion of the revenue being recognised during the early stages of the contract in line with the work performed.

On application of AASB 15, revenue from long term capacity arrangements (including rights-of-use ('IRU') agreements) are recognised over the term that the fibre core capacity is to be provided to the customer. IRU agreements generally require the customer to make payment upon the execution of the agreement. In these cases the group receives most or all of the transaction price at the inception of the contract, resulting in a contract liability (deferred revenue) being recognised upfront and amortised over the contract term.

The adoption of AASB 15 did not have a material impact on any of the other revenue streams. The quantitative impact of the adoption of AASB 15 has been outlined in note 3.

(2) AASB 9 Financial Instruments

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard replaces all previous versions of AASB 9 and introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of entities along with requirements for financial assets and amendments to the classification and measurement for certain debt instruments. In relation to the impairment of financial assets requirements under AASB 9, the new standard requires an 'expected credit loss' model as opposed to an incurred credit loss model.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The Group has adopted AASB 9 from 1 July 2018 and has not restate comparative information as permitted by the Standard.

The assessment of the requirements of this standard on the Group has indicated there is not a significant impact on application, in particular:

- Classification and measurement - the Group does not expect any impact on the Statement of Financial Position or equity on applying the classification and measurement requirements of AASB 9. Financial assets currently held at fair value will continue to be measured at fair value. Trade and other receivables are held to collect contractual cash flows and are solely payments for principal and interest. These receivables will be measured at amortised cost.
- Impairment - under AASB 9, expected credit losses on financial assets are to be recorded either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all eligible financial assets. It is expected that the revised methodology for calculation of impairment will not have a significant impact on the financial statements; and
- Hedge accounting - the Group's existing hedges are currently considered effective relationships and it is expected they will qualify as continuing hedge relationships under AASB 9. There will be additional disclosures in relation to hedge accounting required under this new standard.

(B) New and amended standards in issue but not yet effective

(1) AASB 16 Leases

This standard will replace AASB 117 Leases and is applicable to annual reporting periods beginning on or after 1 January 2019. This standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. This standard introduces three main changes:

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

Leases currently classified as operating leases will be capitalised in the Consolidated Statement of Financial Position with a liability corresponding to future lease payments also recognised. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability.

This standard will apply to the Group from 1 July 2019 and impact the financial statements for the financial year ending 30 June 2020. The Group has elected to apply a modified retrospective transition approach with assessments being carried out at initial application date as to whether a contract contains a lease.

The Group's current estimate of the pre-tax financial impact of these changes on the consolidated statement of financial position on adoption is the recognition of an additional lease liability and right of use asset at 1 July 2019 of $10.2 million.

The impact on the consolidated income statement for the year to 30 June 2020 will depend on factors that may occur during the year including new leases entered into, changes or reassessments of the Group's existing lease portfolio and changes to discount rates. However, the operating lease charges incurred in the year to 30 June 2019 were $6.4 million and it is expected that a similar amount of lease depreciation and interest would have been recognised had IFRS 16 been applied in the year to 30 June 2019.

These impacts are based on the assessments undertaken to date. The exact financial impacts of the accounting changes of adopting IFRS 16 at 1 July 2019 may be revised. The Group will issue further details on the impact of adopting IFRS 16 as part of the interim financial statements for the six months ending 31 December 2019.

There are no other new standards and interpretations that are not yet effective and that are expected to have a material impact on the Group's consolidated financial statements in the current or future reporting periods.

3 Restatement Note AASB 15

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. The Group has applied AASB 15 in accordance with the fully retrospective transitional approach. The amount of adjustment for each financial statement line item affected by the application of AASB 15 is illustrated below.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2018 (as previously reported) $'000	AASB 15 Adjustment	30 June 2018 *Restated $'000
Revenue and other income	**125,171**	**(7,013)**	**118,158**
Direct costs	(51,140)		(51,140)
Employee benefits expense	(29,858)		(29,858)
Share based payments expense	(375)		(375)
Professional fees	(4,020)		(4,020)
Marketing costs	(1,887)		(1,887)
Administrative and other expenses	(8,786)		(8,786)
Total expenses	**(96,066)**	**-**	**(96,066)**
Earnings before interest, tax, depreciation, amortisation and foreign exchange gains/losses (EBITDA)	**29,105**	**(7,013)**	**22,092**
Depreciation and amortisation expense	(22,085)		(22,085)
Interest expense	(1,852)		(1,852)
Foreign exchange gains / (losses)	(818)		(818)
Share of associate's profit / (loss)	(136)		(136)
Profit / (loss) before income tax	**4,214**	**(7,013)**	**(2,799)**
Income tax benefit	2,908	1,207	4,115
(Loss) / profit for the year after tax for the year attributable to the owners of Superloop Limited	**7,122**	**(5,806)**	**1,316**
Other Comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	4,073		4,073
Net fair value gain / (loss) on hedging transactions entered into the cash flow hedge reserve	892		892
Total Other Comprehensive Income, net of income tax	**4,965**	**-**	**4,965**
Total Comprehensive (Loss) / Profit for the year attributable to the owners of Superloop Limited	**12,087**	**(5,806)**	**6,281**
Profit / (Loss) per share for profit /(loss) attributable to the ordinary equity holders of the Group:	**Cents**		**Cents**
Basic profit / (loss) per share	3.19		0.59
Diluted profit / (loss) per share	3.18		0.59

Consolidated Statement of Financial Position

Impact of Assets, Liabilities & Equity as at 30 June 2018	30 June 2018 (as previously stated) $'000	AASB 15 Adjustment	30 June 2018 *Restated $'000
Investment in associate	9,505	489	9,994
Deferred tax assets	954	1,400	2,354
Total Deferred revenue	(14,978)	(9,730)	(24,708)
Deferred tax liabilities	(7,530)	358	(7,172)
Total Effect on Net Assets		**(7,483)**	
Accumulated losses	(3,524)	(7,483)	(11,007)
Total Effect on Equity		**(7,483)**	

Impact of Assets, Liabilities & Equity as at 1 July 2017	1 July 2017 (as previously stated) $'000	AASB 15 Adjustment	1 July 2017 *Restated $'000
Investment in associate	-	-	-
Deferred tax assets	1,943		1,943
Total Deferred revenue	(2,432)	(2,104)	(4,536)
Deferred tax liabilities	(10,104)	427	(9,677)
Total Effect on Net Assets		**(1,677)**	
Accumulated losses	(9,597)	(1,677)	(11,274)
Total Effect on Equity		**(1,677)**	

4 Segment information

(A) DESCRIPTION OF SEGMENTS

Superloop is a trusted enabler of connectivity and managed services in Asia Pacific. During the year, the principal activities of the Group included:

i) the development and operation of independent connectivity infrastructure and services throughout the Asia Pacific region for wholesale and enterprise customers including fibre optic cable, international submarine cables and fixed wireless networks (Connectivity),
ii) the provision of outsourced cloud and managed services, cyber security and cyber safety (Services), and
iii) the provision of broadband services for individual end users including residential NBN, retail fixed wireless and fixed line internet services and connectivity services for hotels, student accommodation sites and schools (Broadband).

The operations of the Group are reported in these segments to Superloop's executive management team (chief operating decision makers). Items not specifically related to an individual segment are classified as Group Shared Services, refer below for details of material items. The accounting policies of the segments are the same as the Group (refer to Note 1).

Comparative information has been restated to align with the current operating segments.

(B) SEGMENT INFORMATION PROVIDED TO MANAGEMENT

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

Operating Segments for year ending 30 June 2019	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Revenue and other income	59,472	24,678	35,586	109	119,845
Direct costs	(27,682)	(13,926)	(19,758)	-	(61,366)
Gross Margin	**31,790**	**10,752**	**15,828**	**109**	**58,479**
Operating expenses					(49,980)
Depreciation and amortisation	(24,380)	(5,102)	(7,031)	-	(36,513)
Impairment losses	-	(50,683)	-	-	(50,683)
Interest, FX & other					(5,678)
Loss before income tax					**(84,375)**

Operating Segments for year ending 30 June 2019	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Non-current assets					
Property, plant & equipment	218,064	728	9,883	-	228,675
Intangible assets excl. goodwill (includes indefeasible rights to use)	85,689	5,229	8,186	-	99,104
Goodwill	104,855	-	30,210	-	135,065
Total Non-current assets	**408,608**	**5,957**	**48,279**	**-**	**462,844**

(1) Connectivity includes earnings associated with the development of the INDIGO subsea cable system.
(2) Services includes earnings associated with the Cloud Managed Services entities acquired through the 2016 Big Air acquisition, and from cybersecurity subsidiary, CyberHound.
(3) Broadband includes earnings and assets from BigAir Community Broadband, NuSkope and GX2 Technology for the full year, and the NBN fixed line customer base acquired by SkyMesh.
(4) Group Shared Services includes inter-segment eliminations and unallocated earnings.
(5) Australia includes INDIGO subsea cable assets and development revenue

The below table provides further information regarding the group's main Connectivity segment.

Analysis of Connectivity Operating Segment for the year ending 30 June 2019	Australia Fibre (5) $000	Australia Fixed Wireless $000	Singapore Fibre $000	Hong Kong Fibre $000	Connectivity Sub Total $000
Revenue and other income	25,428	20,627	10,305	3,112	59,472
Direct costs	(12,988)	(7,774)	(4,207)	(2,713)	(27,682)
Gross Margin	**12,440**	**12,853**	**6,098**	**399**	**31,790**
Depreciation and amortisation	(5,516)	(13,063)	(2,263)	(3,538)	(24,380)

Analysis of Connectivity Operating Segment for the year ending 30 June 2019	Australia Fibre (5) $000	Australia Fixed Wireless $000	Singapore Fibre $000	Hong Kong Fibre $000	Sub Total $000
PP&E and Intangible Assets (excluding Goodwill)					
Property, plant & equipment	86,794	21,060	49,573	60,637	218,064
Intangible assets excl. goodwill (includes indefeasible rights to use)	39,411	29,669	1,945	14,664	85,689
	126,205	**50,729**	**51,518**	**75,301**	**303,753**

(1) Connectivity includes earnings associated with the development of the INDIGO subsea cable system
(2) Services includes earnings associated with the Cloud Managed Services entities acquired through the 2016 Big Air acquisition, and from cybersecurity subsidiary, CyberHound.
(3) Broadband includes earnings and assets from BigAir Community Broadband, NuSkope and GX2 Technology for the full year, and the NBN fixed line customer base acquired by SkyMesh.
(4) Group Shared Services includes inter-segment eliminations and unallocated earnings.
(5) Australia includes INDIGO subsea cable assets and development revenue

Operating Segments for year ending 30 June 2018	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Revenue and other income	54,227	36,583	26,652	696	118,158
Direct costs	(18,867)	(20,210)	(12,406)	343	(51,140)
Gross Margin	**35,360**	**16,373**	**14,246**	**1,039**	**67,018**
Operating expenses					(44,926)
Depreciation and amortisation	(15,303)	(3,019)	(3,763)	-	(22,085)
Impairment Losses	-	-	-	-	-
Interest, FX & other					(2,806)
Loss before income tax					**(2,799)**

Operating Segments for year ending 30 June 2018	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Non-current assets					
Property, plant & equipment	166,029	9,418	6,680	-	182,127
Intangible assets excl. goodwill (includes indefeasible rights to use)	78,493	9,409	14,448	-	102,350
Goodwill	104,855	43,255	30,209	-	178,319
	349,377	**62,082**	**51,337**	**-**	**462,796**

The below table provides further information regarding the group's main Connectivity segment.

Analysis of Connectivity Operating Segment for the year ending 30 June 2018	Australia Fibre $000	Australia Fixed Wireless $000	Singapore Fibre $000	Hong Kong Fibre $000	Sub Total $000
Revenue and other income	24,713	21,760	5,969	1,785	54,227
Direct costs	(8,607)	(5,524)	(1,498)	(3,239)	(18,868)
Gross Margin	**16,106**	**16,236**	**4,471**	**(1,454)**	**35,359**
Depreciation and amortisation	(5,201)	(5,668)	(1,857)	(2,576)	(15,302)
Impairment Losses	-	-	-	-	-

Analysis of Connectivity Operating Segment for the year ending 30 June 2018	Australia Fibre $000	Australia Fixed Wireless $000	Singapore Fibre $000	Hong Kong Fibre $000	Sub Total $000
Non-current assets					
Property, plant & equipment	39,949	21,419	46,511	58,150	166,029
Intangible assets excl. goodwill (includes indefeasible rights to use)	34,421	33,709	1,812	8,551	78,493
	74,370	**55,128**	**48,323**	**66,701**	**244,522**

5 Revenue

	30 June 2019 $'000	30 June 2018 $'000
Revenue from ordinary activities		
Customer revenue	117,338	115,491
Other Income		
Interest income	68	33
Gain on sale of assets	474	-
Gain on sale of investment in associate	315	-
Other income	1,650	2,634
Total revenue and other income	**119,845**	**118,158**

The total future revenue from the Group's contracts with customers with performance obligations not satisfied at 30 June 2019 is $38.5 million of which $4.2 million is expected to be recognised within the next year and the remaining amount will be recognised beyond 12 months over the life of the contracts on a straight line basis. The future revenue primarily relates to the groups long term capacity arrangements or IRUs, refer to revenue recognition accounting policy for further information. These contracts have contract terms of between 7 and 20 years, with a weighted average remaining term of 13 years.

6 Interest expense

	30 June 2019 $'000	30 June 2018 $'000
Interest on borrowings	(5,054)	(1,852)
Total interest expense	**(5,054)**	**(1,852)**

The Group incurs interest on the drawn amount of its debt facility (refer to Note 15).

7 Foreign exchange gains / (losses)

Foreign exchange (losses) for the year arose as a result of unfavourable exchange rate movements in the ordinary course of business.

	30 June 2019 $'000	30 June 2018 $'000
Net foreign exchange (losses) for the year	(429)	(818)
Total net foreign exchange (losses)	**(429)**	**(818)**

8 Cash and cash equivalents

	30 June 2019 $'000	30 June 2018 $'000
Cash at bank and on hand	18,386	8,393
Short term deposits	512	7,044
Total cash and cash equivalents	**18,898**	**15,437**

9 Trade and other receivables

				30 June 2019
	Note	Current $'000	Non-Current $'000	TOTAL $'000
Trade receivables	(A)	27,356	-	**27,356**
Allowance for expected credit losses	(B)	(296)	-	**(296)**
Net trade receivables		**27,060**	-	**27,060**
Consumption tax receivable	(C)	12	-	**12**
Other receivables		-	-	**-**
Total		**27,072**	**-**	**27,072**

				30 June 2018
	Note	Current $'000	Non-Current $'000	TOTAL $'000
Trade receivables	(A)	11,297	-	**11,297**
Allowance for expected credit losses	(B)	(335)	-	**(335)**
Net trade receivables		**10,962**	-	**10,962**
Consumption tax receivable	(C)	91	-	**91**
Other receivables		67	-	**67**
Total		**11,120**	**-**	**11,120**

(A) PAST DUE BUT NOT IMPAIRED

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

Age of Trade Receivables that are past due but not impaired	30 June 2019 $'000	30 June 2018 $'000
60 – 90 days	848	536
90 days plus	2,191	1,465
Total past due but not impaired	**3,039**	**2,001**

(B) IMPAIRED TRADE RECEIVABLES

As at 30 June 2019, the Group had trade receivables with a carrying value of $296k (2018: $335k) which were impaired and fully provided for. Superloop applies the AASB 9 simplified approach to measure expected credit loss ("ECL") which uses a lifetime expected loss allowance for all trade receivables. If a credit loss is expected, an allowance for expected credit losses is raised to reduce the carrying amount of trade receivables based on a review of outstanding amounts as at reporting date.

Age of Impaired Trade Receivables	30 June 2019 $'000	30 June 2018 $'000
0 – 60 days	47	-
60 – 90 days	17	128
90 days plus	232	207
Total past due and impaired	**296**	**335**

Movement in Provision for Impairment	30 June 2019 $'000	30 June 2018 $'000
Balance at beginning of the year	335	183
Impairment losses recognised on receivables	(48)	24
Allowance for expected credit losses	9	-
Balance from acquisition	-	128
Balance at end of the year	**296**	**335**

(C) CONSUMPTION TAX RECEIVABLE

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

10 Other assets

	30 June 2019 $'000	30 June 2018 $'000
CURRENT		
Prepayments	4,357	3,262
Contract assets	2,667	3,668
Other current financial assets	39	88
Total other assets – current	**7,063**	**7,018**
NON-CURRENT		
Other non-current assets	299	396
Installation costs	2,836	3,432
Total other assets – non-current	**3,135**	**3,828**

11 Investment in associate

The Group sold its minority interest of 16.8% in Fiber Sense Pty Ltd on the 24 June 2019 for $10.1m consideration. It held a carrying amount prior to disposal of $9.8m, with a gain on disposal of $0.3m recognised. The Group's interest was equity accounted for in the consolidated financial statements. Although the Group did hold less than 20% of the equity shares of the associate, the Group did have significant influence by virtue of its protected right to appoint one Director to the board of the associate. Superloop held one of the two Director positions during the year.

The following table illustrates the summarised financial information of the Group's investment in the associate:

	30 June 2019 $'000	30 June 2018 $'000
Current assets	-	1,568
Non-current assets	-	9,028
Current liabilities	-	(241)
Non-current liabilities	-	(1,601)
Equity	**-**	**8,754**
Group's carrying amount of investment	**-**	**9,994**
Revenue	149	78
Cost of sales	(137)	(5)
Operating expenses	(1,672)	(1,452)
Finance costs	-	(21)
Loss before tax	**(1,660)**	**(1,400)**
Income tax benefit	498	386
Loss for the year	**(1,162)**	**(1,014)**
Total comprehensive income for the year	**(1,162)**	**(1,014)**
Group's share of loss for the year	**(195)**	**(136)**

12 Property, plant and equipment

	30 June 2019 $'000	30 June 2018 $'000
Carrying amounts of:		
Assets in the course of construction	6,805	31,551
Network assets	174,925	114,620
Communication assets	46,628	34,921
Other assets	317	1,035
Total	**228,675**	**182,127**

	Assets in the course of construction $'000	Network assets $'000	Communicatio n assets $'000	Other assets $'000	TOTAL $'000
Cost or Valuation:					
Balance at 30 June 2017	**6,597**	**104,017**	**35,914**	**1,365**	**147,893**
Additions	30,908	9,149	5,275	1,292	**46,624**
Additions through business combinations (Note 29)	-	-	1,569	168	**1,737**
Movement in foreign exchange	-	4,129	78	-	**4,207**
Transfer	(5,954)	5,570	316	68	**-**
Balance at 30 June 2018	**31,551**	**122,865**	**43,152**	**2,893**	**200,461**
Additions	47,201	5,630	9,390	827	**63,048**
Additions through business combinations (Note 29)	-	-	-	-	**-**
Movement in foreign exchange	39	6,715	176	16	**6,946**
Disposals	-	(44)	(103)	(75)	**(222)**
Transfer	(71,986)	57,503	14,021	462	**-**
Balance at 30 June 2019	**6,805**	**192,669**	**66,636**	**4,123**	**270,233**
Accumulated depreciation:					
Balance at 30 June 2017	**-**	**(3,581)**	**(2,754)**	**(353)**	**(6,688)**
Depreciation charge	-	(4,406)	(5,453)	(1,501)	**(11,360)**
Disposals	-	58	-	-	**58**
Movement in foreign exchange	-	(316)	(24)	(4)	**(344)**
Balance at 30 June 2018	**-**	**(8,245)**	**(8,231)**	**(1,858)**	**(18,334)**
Depreciation charge	-	(5,673)	(7,837)	(1,816)	**(15,326)**
Disposals	-	26	80	62	**168**
Impairment	-	(3,282)	(3,967)	(180)	**(7,429)**
Movement in foreign exchange	-	(570)	(53)	(14)	**(637)**
Balance at 30 June 2019	**-**	**(17,744)**	**(20,008)**	**(3,806)**	**(41,558)**
Carrying value – 2019	**6,805**	**174,925**	**46,628**	**317**	**228,675**
Carrying value – 2018	**31,551**	**114,620**	**34,921**	**1,035**	**182,127**

13 Intangible assets

	30 June 2019 $'000	30 June 2018 $'000
Carrying amounts of:		
Assets in the course of construction	1,074	3,755
Rights and licences	47,294	39,918
Software	5,998	6,438
Customer acquisition costs & Other Intangible Assets	4,427	1,159
Customer relationships, brands and trademarks	40,312	51,080
Goodwill	135,064	178,319
Total intangible assets	**234,169**	**280,669**

Movements	Assets being developed $'000	Rights and licences $'000	Software $'000	Customer Acquisition costs & Other Intangible Assets $'000	Customer, brand & trademarks $'000	Goodwill $'000	Total $'000
Cost or valuation:							
Balance as at 30 June 2017	**3,113**	**20,759**	**2,472**	**561**	**49,956**	**167,771**	**244,632**
Additions through business combinations (refer Note 29)	-	-	5,250	530	7,800	10,548	**24,128**
Other additions	642	21,780	825	1,442	2,058	-	**26,747**
Movements in foreign exchange	-	9	-	-	-	-	**9**
Balance as at 30 June 2018	**3,755**	**42,548**	**8,547**	**2,533**	**59,814**	**178,319**	**295,516**
Additions through business combinations (refer Note 29)	-	-	-	-	-	-	**-**
Additions	2,563	9,387	1,367	1,873	1,459	-	**16,649**
Disposal	-	-	(21)	(296)	-	-	**(317)**
Transfer	(5,244)	-	873	3,113	1,258	-	**-**
Movements in foreign exchange	-	750	1	33	-	-	**784**
Balance as at 30 June 2019	**1,074**	**52,685**	**10,767**	**7,256**	**62,531**	**178,319**	**312,632**
Accumulated amortisation:							
Balance as at 30 June 2017	**-**	**(874)**	**(732)**	**(27)**	**(3,193)**	**-**	**(4,826)**
Amortisation charge	-	(1,756)	(1,377)	(1,347)	(5,541)	-	**(10,021)**
Movements in foreign exchange	-	-	-	-	-	-	**-**
Balance as at 30 June 2018	**-**	**(2,630)**	**(2,109)**	**(1,374)**	**(8,734)**	**-**	**(14,847)**
Amortisation charge	-	(2,740)	(2,673)	(1,525)	(13,485)	-	**(20,423)**
Disposal	-	-	13	81	-	-	**94**
Impairment	-	-	-	-	-	(43,255)	**(43,255)**
Movements in foreign exchange	-	(21)	-	(11)	-	-	**(32)**
Balance as at 30 June 2019	**-**	**(5,391)**	**(4,769)**	**(2,829)**	**(22,219)**	**(43,255)**	**(78,463)**
Carrying value – 2019	**1,074**	**47,294**	**5,998**	**4,427**	**40,312**	**135,064**	**234,169**
Carrying value – 2018	**3,755**	**39,918**	**6,438**	**1,159**	**51,080**	**178,319**	**280,669**

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

	30 June 2019 $'000	30 June 2018 $'000
Connectivity	104,855	104,855
Services	-	43,255
Broadband	30,210	30,210
Total goodwill	**135,065**	**178,320**

An impairment loss is recognised for the amount by which the carrying amount of the cash-generating units exceeds their recoverable amount. The recoverable amount for the cash-generating units is determined based on a value in use calculation which is based on the present value of future forecast cash earnings, as measured by earnings before interest expense, taxes, depreciation and amortisation (EBITDA).

The forecast earnings are based on the financial year ending 30 June 2020 budget approved by the Board with the earnings beyond the budget period extrapolated over 5 years using annual growth rates for each cash generating unit based on historical earnings growth, current and forecast trading conditions and business plans. A long term perpetual growth rate of 1.5% - 3.0% is applied beyond the forecast period. A post-tax discount rate of 10.89% has been assumed, representing the long term average and includes a risk-premium given the stage in the business cycle of the Group's business.

The Board has reviewed and is comfortable with management's assumptions about growth rates for each cash generating unit, which for certain cash generating units are expected to grow from a low starting point. Assumptions include growth rates for revenue on the INDIGO subsea cable systems, which was delivered May 2019, and assumptions about wholesale and retail opportunities in the NBN fixed line market.

For the Services segment impairment testing calculated, indicated that the carrying amount exceeded the recoverable amount at 30 June 2019, resulting in an impairment of $43.3m to goodwill, and a property, plant & equipment impairment of $7.4m (refer to Note 12). No other impairment loss on goodwill has been identified.

Management has reviewed sensitivities on the key assumptions on which the recoverable amounts are based and believe that changes would not cause the cash-generating units' carrying amounts to exceed their recoverable amounts, with exception to the Services segment.

The sensitivities applied were to reduce the long term perpetual growth rate by 1.0%, or increase the post-tax discount rate from 10.9% to 12.0% . These sensitivity tests did not result in the cash-generating units' carrying amounts exceeding their recoverable amounts, with exception to the Services segment.

14 Trade and other payables

	30 June 2019 $'000	30 June 2018 $'000
Trade payables	39,126	12,402
Other payables	204	5,812
Accrued expenses	4,997	6,847
Other current financial payables	74	429
Current tax liabilities	2,988	1,027
Deferred consideration	2,940	5,716
Total trade and other payables	**50,329**	**32,233**

The Group had higher than usual Trade payables as at 30 June 2019 due to timing of the completion of the Indigo subsea cable, NBN infrastructure and other network projects. These projects accounted for $21.6m of the total balance.

15 Interest-bearing loans and borrowings

The Group had debt outstanding as at 30 June 2019 of $83.9m (30 June 2018: $63.8m).

The Group has a $120.0 million three year revolving facility with ANZ and Westpac maturing on 21 October 2021. The facility can be used for working capital, capital expenditures and permitted acquisitions and is available to be drawn in multiple currencies. The Group is required to adhere to financial covenants, including leverage ratio, debt capitalisation ratio and interest cover ratio.

Bank guarantees to the value of $2.0m have been issued under the facility.

The Group utilises an equipment vendor to provide funding for network equipment, entering into three year fixed rate instalment payment agreements. At 30 June 2019, a total of $6.3m had been funded under this arrangement (30 June 2018: Nil).

	Notes	30 June 2019 $'000	30 June 2018 $'000
Current			
Finance lease		2,462	-
Revolving debt facility drawn		-	-
Total current interest-bearing loans and borrowings		**2,462**	**-**
Non Current			
Finance lease		3,885	-
Revolving debt facility drawn (net of transaction costs)	(A)	82,807	62,779
Total non current interest-bearing loans and borrowings		**86,692**	**62,779**
Total interest-bearing loans and borrowings		**89,154**	**62,779**
Total revolving debt facility limit		120,000	80,000
Less bank guarantees issued under the facility		(1,082)	(1,524)
Less amounts drawn (before transaction costs)		(83,929)	(63,805)
Revolving debt facility available		**34,989**	**14,671**

	30 June 2018 $'000	Financing cashflows	Net transaction costs	30 June 2019 $'000
Total interest-bearing loans and borrowings	62,779	26,471	-96	89,154

(A) The drawn debt amount is recognised net of transaction costs which are amortised over the term of the facility using the effective interest rate method.

16 Provisions

	30 June 2019 $'000	30 June 2018 $'000
Current – employee benefits	2,679	2,813
Non-current – employee benefits	2,109	2,549
Total provisions	**4,788**	**5,362**

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

17 Deferred revenue

	30 June 2019 $'000	30 June 2018 $'000
Deferred revenue	38,462	21,186
Deferred installation fees	25	3,522
Total deferred revenue	**38,487**	**24,708**
Current	4,208	6,463
Non-current	34,279	18,245
Total deferred revenue	**38,487**	**24,708**

Deferred revenue includes long-term capacity arrangements (rights-of-use ('IRU') agreements) which provides customers exclusive access to fibre core capacity over an agreed contract term in addition to other customer contracts where payment has been received but services not yet provided. The IRU arrangements include the initial provisioning of the fibres, ongoing availability of capacity and maintenance of the infrastructure over the contract term which form part of an integrated service to the customer and is considered to be a single performance obligation. The transaction price is generally fixed, net of any upfront discounts given. The customer receives and consumes the benefit of the service simultaneously and revenue is recognised over time, as the service is performed. For other customer contracts revenue is recognised once performance obligation is met.

The table below shows the movement of deferred revenue for the year.

Deferred Revenue movement	30 June 2019 $'000	30 June 2018 $'000
Opening balance	**24,708**	**4,536**
Additions	19,712	22,312
Revenue recognised	(5,933)	(2,140)
Closing balance	**38,487**	**24,708**

18 Contributed equity

(A) SHARE CAPITAL

	30 June 2019 Number of Shares	30 June 2018 Number of Shares	30 June 2019 $'000	30 June 2018 $'000
Fully paid ordinary shares	253,301,037	228,499,540	432,811	401,706
Total share capital	**253,301,037**	**228,499,540**	**432,811**	**401,706**
Less: Issue costs			(6,528)	(5,795)
Contributed equity	**253,301,037**	**228,499,540**	**426,283**	**395,911**

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL

Date	Details	Number of Shares	Issue Price $	Value $
30-Jun-17	**Balance**	**208,795,883**		**356,408,128**
11-Aug-17	Partial consideration for acquisition of SubPartners Pty Ltd (i)	1,161,495	2.56	2,973,427
2-Oct-17	Share placement	8,888,889	2.25	20,000,000
13-Oct-17	Partial consideration for acquisition of NuSkope Pty Ltd and associated entities (i)	1,221,110	2.37	2,894,031
20-Oct-17	Share Purchase Plan	6,666,666	2.25	14,999,999
2-Nov-17	Vesting of performance rights (i)	71,597	2.49	178,277
17-Nov-17	Partial consideration for acquisition of GX2 Holdings Pty Ltd (i)	1,680,672	2.51	4,218,487
29-Jun-18	Vesting of performance rights (i)	13,228	2.52	33,334
30-Jun-18	**Balance**	**228,499,540**		**401,705,683**
17-Sept-18	Vesting of performance rights (i)	97,093	2.32	225,256
5-Mar-19	Share placement	12,000,000	1.25	15,000,000
5-Mar-19	Entitlement Offer (Institutional Component)	5,977,188	1.25	7,471,485
27-Mar-19	Entitlement Offer (Retail Component)	6,727,216	1.25	8,409,020
30-Jun-19	**Balance**	**253,301,037**		**432,811,444**

(i) These share issues were non-cash transactions (refer to Note 26).

(C) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of, and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share, is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

(D) DIVIDEND REINVESTMENT PLAN

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

19 Reserves

	30 June 2019 $'000	30 June 2018 $'000
Cash flow hedge reserve(1)	532	71
Share based payments	865	977
Foreign currency translation reserves(2)	4,869	(814)
Total reserves	**6,266**	**234**

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

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

20 Accumulated losses

	30 June 2019 $'000	30 June 2018 *Restated $'000
Opening balance	(11,007)	(11,274)
Profit/(loss) for the year	(72,057)	1,316
Dividends paid	-	(1,049)
Total accumulated losses	**(83,064)**	**(11,007)**

21 Dividends

No dividends were paid or declared in FY19. (FY18: $1.05 million paid).

22 Operating lease arrangements

Operating leases relate to the leasing of premises including offices, roof tops and towers. The Group has entered lease terms of up to fourteen years in length. The Group has the option, under some of its leases, to lease the assets for additional terms.

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

	30 June 2019 $'000	30 June 2018 $'000
Minimum lease payments	6,399	5,249
Total operating lease arrangements	**6,399**	**5,249**

Non-cancellable operating lease rentals are payable as follows:

	30 June 2019 $'000	30 June 2018 $'000
Not later than 1 year	3,557	4,157
Later than 1 year and not later than 5 years	3,934	6,020
Later than 5 years	474	227
Total non-cancellable operating lease commitments	**7,965**	**10,404**

23 Commitments and contingencies

(A) CAPITAL COMMITMENTS
Capital expenditure contracted for at the end of each reporting year but not recognised as liabilities is as follows:

	30 June 2019 $'000	30 June 2018 $'000
Property, plant and equipment	6,002	31,148
Total capital commitments	**6,002**	**31,148**

Capital commitments relate to contractual commitments associated with network expansion. Non-cancellable operating lease commitments are disclosed in Note 22 to the financial statements.

(B) CONTINGENT ASSETS
The Group did not have any contingent assets during the year or as at the date of this report.

(C) CONTINGENT LIABILITIES
The Group did not have any material contingent liabilities during the year or as at the date of this report.

24 Related party transactions

All related party sales transactions are reviewed by the Chief Revenue Officer (CRO) unless the Chief Revenue Officer is the related party then the review is completed by Chief Financial Officer (CFO). In the unlikely event that both the CRO and the CFO are related parties then a non-related employee at Group GM level or higher is selected as the reviewer. Once the review is completed it is documented and a report is prepared and provided to the Chairman and the Chair of the Audit Committee.

This review is to be conducted in a timely manner to provide the Chairman or the Chair of the Audit Committee time to request more information, dispute or veto the proposed transaction. Ideal timing is during final contracting and prior to sign off so a finalised version of the deal can be reviewed and counter signing by Superloop can be held pending the review.

The following is a summary of the transactions with related parties.

Shared services agreement

The Group has entered into a shared services agreement with Capital B Pty Ltd (Capital B), a company controlled by the Founder. Under the agreement, Capital B provides certain services to the Group (e.g. administrative and information technology services) and the Group provides to Capital B, the right for Capital B to occupy a portion of the Group's premises at Level 17, 333 Ann Street, Brisbane. The services, and the right to occupy the premises, are provided on arm's length terms. Either party may terminate the agreement for convenience on 60 days' written notice. In addition to the above during the period the Group provided one off consulting services to Capital B.

Customer agreement with Megaport

Superloop has entered into customer agreements for the provision of connectivity services with Megaport Limited and its operating subsidiaries (Megaport). The Founder and significant shareholder of Superloop is also the Founder and significant shareholder of Megaport. Under the agreements, the customer (Megaport) issues a service order form to the Superloop operating entity (as applicable) which sets out the nature of and the applicable fees for the connectivity services provided. The agreements are on the same terms as other agreements between Superloop and unrelated customers and the fees in each service order form are at competitive market rates.

Agreement with Louise Bolger and Associates

Superloop had entered into an agreement for the provision of legal services from Louise Bolger and Associates Pty Ltd. Former Non-executive Director, Ms Louise Bolger, is a Director of Louise Bolger and Associates and has significant influence over the business. The agreement is on an arm's length basis. Ms Louise Bolger has since become a direct employee of Superloop and hence the Louise Bolger and Associates agreement is no longer in operation.

Customer agreement with Rising Sun Pictures

Superloop has entered into a customer agreement for the provision of connectivity services to Rising Sun Pictures. Non-executive Director, Mr Tony Clark, is Managing Director of Rising Sun Pictures and has significant influence over the business. The agreement is on an arm's length basis.

APX Partners Pty Ltd

The Founder and significant shareholder of Superloop is also the Founder and shareholder of APX Partners Pty Ltd. APX Partners are a party to the Joint Build Agreement with SubPartners Pty Ltd and other counterparties for the construction of the INDIGO West and INDIGO Central submarine cable systems.

Transaction with associate

Superloop has entered into a customer agreement with an associate for the provision of long term capacity. The agreement is on the same terms as other agreements between Superloop and unrelated customers and the fees in each service order form are at competitive market rates. Superloop sold it's 16.8% minority interest in the associate in June 2019 in part to founding shareholder. Remaining shareholders of the associate are unrelated parties. Refer to note 11.

Amounts payable to related parties

Amounts payable to related parties include amounts paid to settle liabilities assumed as part of the SubPartners acquisition.

PROVISION OF SERVICES TO/FROM RELATED PARTIES

	30 June 2019 $'000	30 June 2018 *Restated $'000
SALES OF GOODS / SERVICES		
Revenue earned from related parties	2,519	1,916
Proceed from sale of Investment in associate	9,797	-
AMOUNTS PAID TO THIRD PARTIES		
Provision of services to Superloop	409	443
Investment in associate	-	10,123
Payments in relation to SubPartners acquisition	-	5,660
	409	16,226
BALANCE OUTSTANDING AT THE END OF THE YEAR		
Receivables	38	1,321
Trade and other payables	43	688

25 Reconciliation of loss after income tax to net cash flow from operating activities

	30 June 2019 $'000	30 June 2018 $'000
Profit / (loss) for the year after income tax	**(72,057)**	**1,316**
Adjustments for:		
Depreciation and amortisation	36,513	22,085
Impairment	50,683	-
Doubtful debts expense	128	160
Share based payments expense	112	375
Interest income	(68)	(34)
Interest expense	5,054	2,469
Foreign exchange gain / (losses)	(429)	(818)
Transaction costs associated with the acquisition of subsidiaries	-	1,542
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	(15,952)	303
(Increase) / decrease in prepayments and other receivables	(927)	(3,865)
(Decrease) / increase in trade creditors and other payables	2,190	(4,207)
(Decrease) / increase in deferred revenue	13,778	19,559
(Decrease) / increase in provisions	(574)	980
(Decrease) / increase in finance lease liabilities	-	(32)
(Decrease) / increase in tax related balances	(13,158)	(1,891)
Net cash from operating activities	**5,293**	**37,942**

26 Non-cash transactions

During the year, the Group entered into no non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

The following non-cash investing and financing activities occurred in the prior year.

On 13 October 2017, the Group acquired NuSkope Pty Ltd. The acquisition included non-cash consideration of $2.9 million in Superloop Limited shares issued at $2.37 per share.

On 17 November 2017, the Group acquired GX2 Holdings Pty Ltd. The acquisition included non-cash consideration of $4.2 million in Superloop Limited shares issued at $2.51 per share.

Refer to Note 30 for additional information on these transactions.

27 Earnings per share

(A) EARNINGS PER SHARE

	30 June 2019 Cents	30 June 2018* Cents
Total basic earnings per share attributable to the ordinary equity holders of the Group	(30.52)	0.59

(B) DILUTED EARNINGS PER SHARE

	30 June 2019 Cents	30 June 2018* Cents
Total diluted earnings per share attributable to the ordinary equity holders of the Group	(30.52)	0.59

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

	30 June 2019 $'000	30 June 2018* $'000
Basic Earnings Per Share		
Profit attributable to the ordinary equity holders of the Group used in calculating basic losses per share	(72,057)	1,316
Diluted Earnings Per Share		
Profit from continuing operations attributable to the ordinary equity holders of the Group	(72,057)	1,316

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

	30 June 2019 Number of Shares	30 June 2018 Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	236,107,785	222,997,402
Effects of dilution from:		
Performance rights	-	130,825
Share options	-	562,075
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	236,107,785	223,690,302

Performance rights and Share Options granted to employees under the Performance Rights and Options Plan are considered to be potential ordinary shares. These have not been included in the calculation of diluted earnings per share because potential ordinary shares that would reduce a loss per share are not considered to be dilutive.

28 Subsidiaries

	Country of Incorporation	Class of Shares	30 June 2019 %	30 June 2018 %
Superloop (Australia) Pty Ltd(1)	Australia	Ordinary	100%	100%
Superloop (Singapore) Pte Ltd	Singapore	Ordinary	100%	100%
Superloop (Hong Kong) Limited	Hong Kong	Ordinary	100%	100%
Superloop (Japan) K.K.	Japan	Ordinary	100%	100%
APEXN Pty Ltd(1)	Australia	Ordinary	100%	100%
CINENET Systems Pty Ltd(1)	Australia	Ordinary	100%	100%
ACN 614 507 247 Pty Ltd(1)	Australia	Ordinary	100%	100%
BigAir Group Pty Ltd(1)	Australia	Ordinary	100%	100%
Clever Communications Pty Ltd(1)	Australia	Ordinary	100%	100%
Clever Communications Operations Pty Ltd(1)	Australia	Ordinary	100%	100%
Saise Pty Ltd(1)	Australia	Ordinary	100%	100%
Access Providers Group Pty Ltd(1)	Australia	Ordinary	100%	100%
Activ Australia Pty Ltd(1)	Australia	Ordinary	100%	100%
BigAir Universe Broadband Pty Ltd(1)	Australia	Ordinary	100%	100%
BigAir Community Broadband Pty Ltd(1)	Australia	Ordinary	100%	100%
Allegro Networks Pty Ltd(1)	Australia	Ordinary	100%	100%
Radiocorp Pty Ltd(1)	Australia	Ordinary	100%	100%
Link Innovations Pty Ltd(1)	Australia	Ordinary	100%	100%
Intelligent IP Communications Pty Ltd(1)	Australia	Ordinary	100%	100%

28 Subsidiaries (cont)

	Country of Incorporation	Class of Shares	30 June 2019 %	30 June 2018 %
BigAir Cloud Managed Services Pty Ltd[1]	Australia	Ordinary	100%	100%
Unistar Enterprises Pty Ltd[1]	Australia	Ordinary	100%	100%
Oriel Technologies Pty Ltd[1]	Australia	Ordinary	100%	100%
Integrated Data Labs Pty Ltd[1]	Australia	Ordinary	100%	100%
Applaud IT Pty Ltd[1]	Australia	Ordinary	100%	100%
Everywhere Internet Holdings Pty Ltd[1]	Australia	Ordinary	100%	100%
Everywhere Internet Systems Pty Ltd(1)	Australia	Ordinary	100%	100%
CyberHound Pty Ltd[1]	Australia	Ordinary	100%	100%
SubPartners Pty Ltd[1]	Australia	Ordinary	100%	100%
SubPartners Pte Ltd	Singapore	Ordinary	100%	100%
APX West Limited	Bermuda	Ordinary	100%	100%
RA Wi-fi Pty Ltd[1]	Australia	Ordinary	100%	100%
RA ADSL Pty Ltd[1]	Australia	Ordinary	100%	100%
Nuskope[1]	Australia	Ordinary	100%	100%
GX2 Holdings Pty Ltd[1]	Australia	Ordinary	100%	100%
GX2 Technology Pty Ltd[1]	Australia	Ordinary	100%	100%
My Gossip Pty Ltd[1]	Australia	Ordinary	100%	100%
GX2 Communications Pty Ltd[1]	Australia	Ordinary	100%	100%
GX2 Technology Ltd	United Kingdom	Ordinary	100%	100%
Global Gossip LLC	USA	Ordinary	100%	100%
GX2 Technology Pte Ltd	Fiji	Ordinary	100%	100%
GX2 Technology Limited	New Zealand	Ordinary	100%	100%
Superloop (Operations) Pty Ltd[1]	Australia	Ordinary	100%	100%
Superloop (Services) Pty Ltd[1]	Australia	Ordinary	100%	100%
Superloop (Software) Pty Ltd[1]	Australia	Ordinary	100%	100%

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

29 Controlled entities acquired or disposed

During the year Superloop Limited did not acquire any entities.

NuSkope Pty Ltd and associated entities ('NuSkope')

On 13 October 2017, Superloop Limited acquired 100% of NuSkope Pty Ltd and associated entities for a total estimated consideration of $12.9 million, paid as $7.0 million in cash and $2.9 million in Superloop Limited shares with further $3.0 million deferred consideration payable in 2 installments in cash. Deferred consideration will represent 33.3% of NuSkope's earnings before interest, tax, depreciation and amortisation (EBITDA) for the 2018 financial year and 66.7% of EBITDA for the 2019 financial year, calculated in accordance with the operations of NuSkope prior to completion.

The acquisition of NuSkope delivers Superloop a portfolio of strategic assets including wireless network infrastructure, a sophisticated network coverage service qualification tool and a valuable CRM database. Goodwill of $5.2 million represents the residual value of the purchase price over the provisional fair value of the identifiable assets and liabilities shown below.

Accordingly the values identified below were finalised at 31 December 2018. Details of the acquisition are:

	Provisional fair value at 30 June 2018 $'000	Fair value adjustments $'000	Final fair value at 31 December 2018 $'000
a) Identifiable assets acquired and liabilities assumed			
Cash	242	-	242
Receivables	136	-	136
Property, plant and equipment	1,412	-	1,412
Other assets	2,118	-	2,118
Brand name and trademarks	150	-	150
Customer relationships	3,846	-	3,846
Other identifiable Intangible assets	2,489	-	2,489
Payables	(719)	-	(719)
Provisions and other liabilities	(241)	-	(241)
Deferred tax liabilities	(1,707)	-	(1,707)
Net identifiable assets acquired	**7,726**	**-**	**7,726**
b) Consideration transferred			
Cash paid	7,000	-	7,000
Shares	2,894	-	2,894
Deferred Consideration(1)	3,000	-	3,000
Total consideration	**12,894**	**-**	**12,894**

(1) Estimated Deferred consideration is dependent on EBITDA earned by NuSkope in 2018 and 2019 financial years and is calculated in accordance with the operations of NuSkope prior to completion. The maximum amount payable is unlimited. $3.0 million has been recognised based on a probability weighted estimate of earnings.

c) Goodwill arising on acquisition			
Consideration	12,894	-	12,894
Less net identifiable assets	(7,726)	-	(7,726)
Goodwill on acquisition	**5,168**	**-**	**5,168**

d) Net cash outflow on acquisition			
Consideration paid in cash	7,000	-	7,000
Less cash and cash equivalent balances acquired	(242)	-	(242)
Net cash outflow on acquisition	**6,758**	**-**	**6,758**

GX2 Holdings Pty Ltd ('GX2')
On 17 November 2017, Superloop Limited acquired 100% of GX2 Holdings Pty Ltd for a total consideration of $12.2 million, paid as $6.0 million in cash, $4.2 million in Superloop Limited shares and deferred consideration of $2.0 million payable in cash in instalments in the 2 year period from completion.

The strategic acquisition of GX2 accelerates Superloop's existing community broadband campus solution offering to a broader customer base in Australia and overseas and has technology, software and systems that will add significant value to the combined group. Goodwill of $5.4 million represents the residual value of the purchase price over the fair value of the identifiable assets and liabilities shown below.

Accordingly the values identified below are final as at the reporting date. Details of the acquisition are:

	Provisional fair value at 30 June 2018 $'000	Fair value adjustments $'000	Final fair value at 31 December 2018 $'000
a) Identifiable assets acquired and liabilities assumed			
Cash	403	-	403
Receivables	905	-	905
Property, plant and equipment	281	-	281
Other assets	2,053	(95)	1,958
Brand name and trademarks	150	-	150
Customer relationships	3,802	-	3,802
Other identifiable Intangible assets	3,050	-	3,050
Payables	(845)	-	(845)
Deferred revenue	(1,025)	-	(1,025)
Provisions and other liabilities	(396)	-	(396)
Deferred tax liabilities	(1,445)	-	(1,445)
Net identifiable assets acquired	**6,933**	**(95)**	**6,838**
b) Consideration transferred			
Cash paid	6,000	-	6,000
Shares	4,219	-	4,219
Deferred Consideration	2,000	-	2,000
Total consideration	**12,219**	**-**	**12,219**
c) Goodwill arising on acquisition			
Consideration	12,219	-	12,219
Less net identifiable assets	(6,933)	95	(6,838)
Goodwill on acquisition	**5,286**	**-**	**5,381**
d) Net cash outflow on acquisition			
Consideration paid in cash	6,000	-	6,000
Less cash and cash equivalent balances acquired	(403)	-	(403)
Net cash outflow on acquisition	**5,597**	**-**	**5,597**