Uniti Group Limited.
ABN 73 158 957 889

ANNUAL REPORT 2019

AGM

The Uniti Group Limited Annual General Meeting will be held at 11am on Wednesday, 23 October 2019 at the offices of Lander & Rogers, Level 12, 600 Bourke Street, Melbourne Vic 3000

Operational Highlights

Pro forma underlying EBITDA at

$2m

in line with prospectus

Cash increased to

$19M

FROM $1M IN FY18

Revenue increased 262% to

$14m

4

ACQUISITIONS
COMPLETED IN FY19

Operating cash flow positive at

$254k

UNITI FUZENET FoneDynamics calldynamics

Year in Review

UWL HAS UNDERGONE SIGNIFICANT CHANGE IN FY19. THE GROUP HAS POSITIONED ITSELF TO ACHIEVE GROWTH IN FY20

October 2018

Bid placed to acquire fixed fibre internet provider, FuzeNet

February 2019

Uniti Wireless lists on Australian Stock Exchange becoming Uniti Wireless Limited (UWL). Opening share price of .25¢

February 2019

UWL finalises FuzeNet acquisition enabling UWL to diversify product offering to include resold NBN and private fixed fibre services

March 2019

UWL appoints Vaughan Bowen as Director of Mergers & Acquisitions

April 2019

UWL announces three strategic portfolios; Wireless, Fixed Fibre & Specialist Products and announces plans to aggressively pursue growth

April 2019

UWL announces the acquisition of Pivit retail customer base

June 2019

UWL announces the acquisition of specialist inbound and call tracking companies, Call Dynamics and Fone Dynamics

June 2019

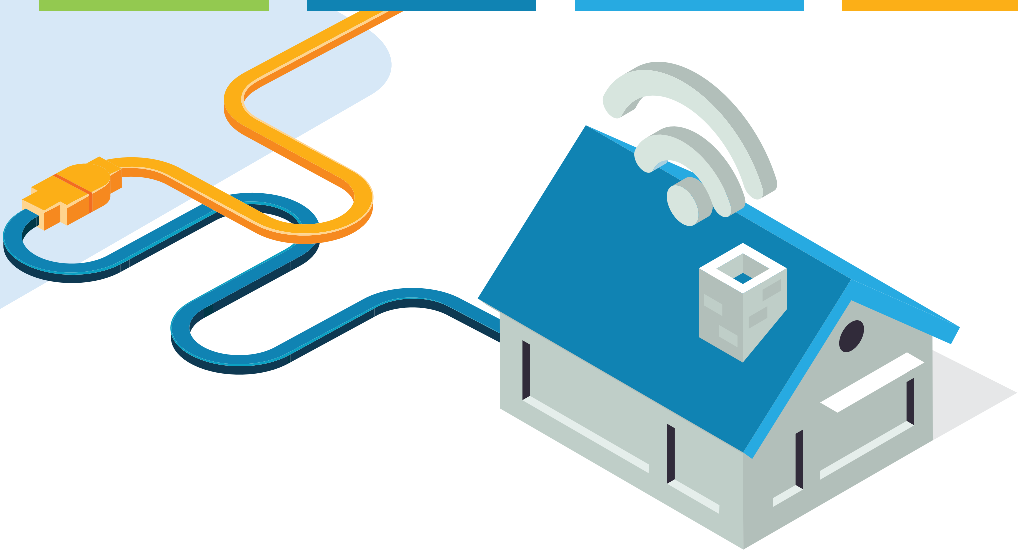
UWL completes an oversubscribed capital raising of $15m

June 2019

Michael Simmons appointed to the board as Group Managing Director and Group CEO

August 2019

UWL announces the acquisition of LBNCo for $100m. UWL announces underwritten capital raise to fund the acquisition.



Chairman's Letter

"WE HAVE A STRONG BALANCE SHEET AND A PIPELINE OF POTENTIAL ACQUISITION TARGETS THAT WILL CONTINUE TO BOLSTER UWL"

Dear Shareholders,

Our focus this year has been to establish UWL as a listed company on the ASX, which was achieved in February 2019, with a capable management team with a clear strategy. We have significantly strengthened the management team with the appointment of Michael Simmons as Managing Director and CEO, and under Michael's leadership we have added Vaughan Bowen in the role of Executive Director to lead our inorganic growth activity and Darryl Inns as group CFO. This executive team has delivered a significant turnaround in the performance and in the prospects of UWL, with our second half result significantly out-performing the first half in EBITDA and cashflow, as outlined in the table below. In addition, I am pleased to confirm that the pro-forma EBITDA forecast of $2m for FY19 was achieved.

Our declared "three pillars" growth strategy clearly defines our intent to seek organic and inorganic growth in wireless, fibre and specialty products and markets. In the second half of FY19 we completed four acquisitions – Fuzenet and Pivit to establish our presence in the fibre market; and Fone Dynamics and Call Dynamics to establish our specialty products business – with each of these acquisitions accretively contributing to operating earnings and positive operating cashflow in the period.

Subsequent to 30 June 2019, your Board announced that UWL has executed an agreement to acquire 100% of LBNCo Holdings Pty Limited and contemporaneously announced an underwritten capital raising to fund the purchase price of $100m. Through this transaction UWL will become the owner of private fibre network infrastructure connecting 415 buildings and broad acre estates Australia-wide to the internet with high speed connectivity. This acquisition is forecast to be more than 60% accretive for shareholders in EBITDA terms in FY20. We expect this acquisition to complete in late September.

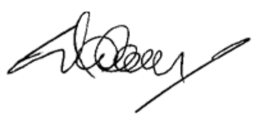
We enter the new financial year with a strong balance sheet, with $19.1m of cash, an EBITDA run rate of $6m (prior to the LBNCo acquisition) and a pipeline of potential acquisition targets that we will continue to carefully evaluate in terms of fit with our strategy, earnings potential and level of accretion for our shareholders.

FY19 has been a busy and eventful year for UWL. I would like to thank our executive management team for their commitment, collaboration, expertise, hard work and enthusiasm, which have all contributed to the success that UWL has achieved during the short period that it has been a listed company. I am especially grateful to Michael Simmons for his leadership of the business through a period of operational and cultural change, growth via acquisition and for the financial performance that has been delivered. I extend the Board's gratitude to all UWL employees for their contribution to UWL's transition during FY19.

To my Board of Directors, thank you for your focused, collegiate approach to everything that we have achieved and I look forward to FY20 with great anticipation as UWL seeks to capitalise on the platform that it has established to deliver outstanding returns to shareholders.

Finally, to our shareholders, thank you for choosing to invest in UWL. Your Board and executive leadership team are committed to profitably and sustainably building upon the transformative foundations laid since our ASX listing in February, to the benefit of all UWL shareholders.

Yours sincerely,



Graeme Barclay
Chairman, Uniti Group Limited

PROFIT & LOSS (000'S)	1H	2H	FY19	FY19 PROFORMA
REVENUE	$3,063	$11,273	$14,336	$23,377
EBITDA	($5,554)	$55	($5,499)	$2,049
EBITDA (UNDERLYING)	($1,555)	$1,855	$300	$2,049

CASH FLOW (000'S)	1H	2H	FY19
OPERATING CASH FLOW	($1,784)	$2,038	$254
CAPEX	($1,432)	($384)	($1,816)
FREE CASH FLOW	($3,216)	$1,654	($1,562)

CEO's Report

"TRANSFORMATION HAS BEEN MY SOLE AND DEDICATED FOCUS AND A KEY TO OUR SUCCESS..."

To you, our valued shareholder,

If you had asked me 12 months ago if I would be delivering this message, about what is a now a sustainable, profitable, diversified enterprise, I would have answered "unlikely". I think if I was to ask you then if would you be a shareholder in Uniti today, I suspect your answer may have been similar to mine.

So, it is pleasing that we, the UWL shareholders, are in the position we are all in today.

I feel very fortunate to be writing to you to deliver my (and our Company's) first CEO Message to Shareholders, since becoming a listed company in February this year.

Whilst it has only been six months since we listed on the ASX, we have already set a platform upon which to build a great company. We are in this enviable position because of a number of people with complementary skills who united very quickly and have executed on a clearly defined, multi-dimensional strategy.

Our Chairman, Graeme Barclay; an outstanding individual and business person, with equally outstanding achievements in the past, who attracted me to the company. Graeme has and continues to provide the foundation for where we are today. Graeme's considerable experience in mergers and acquisitions is proving highly valuable, given the importance of that aspect of our growth strategy.

Our Non Executive Directors, Kathy Gramp and John Lindsay; Both Kathy and John immediately embraced the restructure and new vision for our company. They are both exceptional contributors, who have adopted and supported rapid change and continue to work hard for all shareholders, above and beyond that which is typically asked of a non-executive director.

Vaughan Bowen ("VB"), our Executive Director; The value VB has brought to our company in a short period of time is substantial. We have a very exciting and well planned growth strategy for the future and fundamental to that is acquisitive growth as well as organic. VB has a career track-record of identifying and, with the support of the executive leadership and Board, delivering upon accretive acquisitions. VB's energized focus on the numerous opportunities afoot is more apparent now than at any time in the 10+ years he and I have worked side-by-side.

Our CFO, Darryl Inns; A very experienced and successful financial manager of listed companies something I have had the good fortune to observe first hand for many years. In addition to being a successful CFO, Darryl has had first-hand experience in performing due diligence and integration of acquisitions, having been involved with nearly 30 transactions in the past. An outstanding leader, today and for the future.

Peter Wildy, our Company Secretary and Financial Controller; Peter was fundamental in executing on the listing of our company and continues to provide essential support to Our Board, CFO and myself.

Our management team and employees who have embraced change and a new strategy; the now considerably enlarged UWL management team, will welcome two more proven performers. Jordan Grives, the entrepreneurial leader of the Fone Dynamics business acquired in June 2019.

In September this year, we will welcome Steve Picton, CEO of LBNCo, and his LBNCo team to the the UWL fold. Steve is a seasoned telecommunications industry executive & proven business builder. LBNCo is forecast to propel UWL forward in terms of earnings contribution and fibre infrastructure penetration. We are all most excited about the growth and diversification opportunities that LBNCo will bring to UWL over the coming years.

The 2019 Financial Year for everybody at Uniti Group was a six month period of transformation, change, acquisition and growth. Beginning in January 2019, we worked to achieve the following;

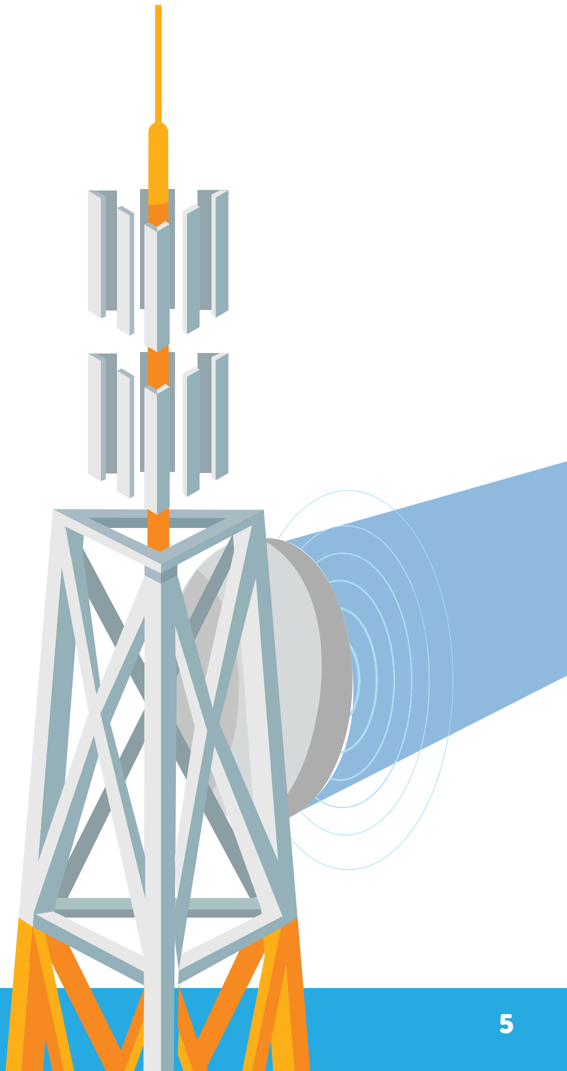
- Essential transformation of the existing UWL wireless business to reduce cash burn by reducing capex, operating costs and inefficient capital deployment.
- To maximise returns on current wireless assets, we shifted marketing focus to capitalise on customer acquisition more efficiently.
- Listed on the ASX and secured essential funding for change
- Acquired Fuzenet which met the criteria of growth, low capex and high cash generation, as well as expanding our products and capability
- Developed a business plan for the future which would expand the business beyond being just a wireless infrastructure owner operator principally to consumers.
- Rationlisation and expansion of the management team

With the above actions implemented quickly we were in a position to execute on growth and we have done so with equal immediacy including;

- Integrating the FuzeNet & Uniti operations for efficiency and future growth
- Executed a highly earnings accretive and cash generative acquisition of Fone Dynamics
- Executed a highly earnings accretive and cash generative acquisition of Call Dynamics and Easy Inbound
- The proposed acquisition of LBNCo which is highly earnings accretive and cash generative

Throughout the same six month time period, we have also developed a clearly defined business strategy which we have already begun to execute with the above acquisitions as we work to build;

- a wireless infrastructure-based business where economically viable and expandable to emerging fixed wireless opportunities in 5G and small cell technology
- a fibre infrastructure-based business where economically viable and expandable to alternative markets beyond just consumer.
- Alternative or niche market penetration where returns and cash generation is high to help support the infrastructure investment in wireless and fibre.
- Earnings accretive acquisitions to roll up within the identified verticals



CEO's Report continued

The start we have made on building this company in the past six months is pleasing and some of our highlights include:

- We are now trading comfortably EBITDA positive
- We met the pro forma forecast EBITDA of $2m
- We are now trading cash flow positive both before and after capex
- Our exit run rate EBITDA from FY19 coming into FY20 is $6m
- We have substantial cash on the balance sheet ($19m) to support growth and this cash balance will increase further, following the equity raising accompanying the LBNCo acquisition
- We are very well disciplined on cash payback expectations from all investments we make and financial management generally
- We have acquired good businesses who have all met or exceeded their benchmark earnings accretion expectations
- We have secured substantial and continued support from financial markets for our strategy, evidenced through our recent share placement and subsequent LBNCo-related capital raising
- We are on the verge of closing a major transformational acquisition of LBNCo, which takes us into fibre infrastructure ownership in identified markets
- Recent acquisitions have attracted outstanding executives who will become part of the management team, in particular, Steve Picton (CEO LBNCo) and Jordan Grives (CEO Fone Dynamics)
- We now have an exceptional Board and Management team who are fully united on our "three pillars" growth strategy

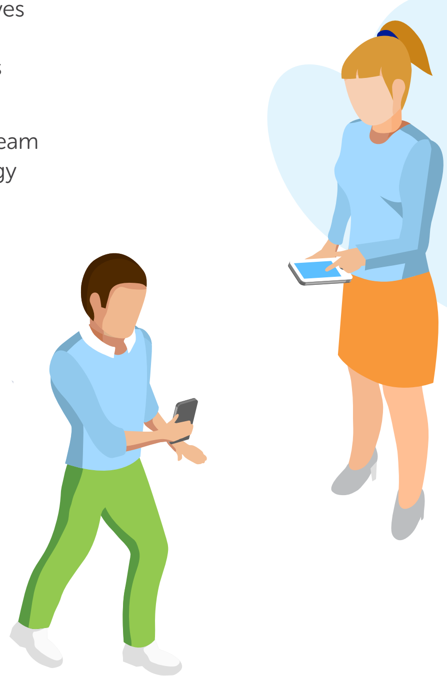
I feel very confident we can continue with the pace we have demonstrated in the second half of FY19 during FY20. In addition to our organic growth potential, there are a pipeline opportunities we have identified to accelerate growth by acquisition, several of which are at advanced stages of engagement.

Lastly , but most importantly, I would like to thank you, our shareholders. Your support in enabling our listing in February, your support on our recent $15m placement in June your support of the capital raising to enable the acquisition of LBNCo, and the support I continue to receive from you as we go about building a great company, has been fundamental to our achievements so far.

Our Board and management team are all committed to building a truly outstanding, high growth, long-term sustainable company for you, our shareholders!

Yours sincerely,

Michael Simmons
Chief Executive Officer



Strategic Growth Agenda – "Three Pillars"

UNITI GROUP

UWL

	Wireless	Fixed Fibre	Specialist Product
CURRENT BUSINESS	Uniti Wireless	Fuzenet Pivit	Call Dynamics Fone Dynamics
PRODUCTS & TARGETS	Fixed Wireless Small Cell MVNO	Private Fibre Greenfields Brownfields	Inbound SMS Cloud SDN

Wireless – Strategic Goals

1. Expand wireless footprint by deploying wireless networks nationally
2. Invest in alternative wireless technology that will enable faster, more agile and cost-efficient rollout
3. Pursue mobile connectivity solutions by utilising MVNO and 5G technology

Fixed Fibre – Strategic Goals

1. Increase market share in existing fibre markets through customer acquisition and build its fibre infrastructure nationally
2. Invest in complementary fibre technology to support wireless network and infrastructure expansion.
3. Establish exclusivity deals with greenfield & brownfield property managers capitalising on future market acquisition opportunities

Specialist Product – Strategic Goals

1. Pursue acquisitions of specialist telecommunications services that are high margin and highly cash generative
2. Pursue niche and emerging products & markets that are complementary to core UWL services
3. Develop a competitive enterprise offering using specialist products and creation of bundled services

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Corporate Governance Statement

This Corporate Governance Statement of Uniti Group Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

This statement has been approved by the company's Board of Directors ('Board') and is current as at 30 August 2019.

The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, the company's website or Annual Report, has been filed with the ASX on 30 August 2019.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – A listed entity should disclose:

a. the respective roles and responsibilities of its board and management; and

b. those matters expressly reserved to the board and those delegated to management.

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and share buy-backs, material profits upgrades and downgrades, and significant closures.

The Board sets objectives, goals and strategic direction along with a policy framework within which management then works. Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought the Boards attention. They must operate within the risk and authorisation parameters set by the Board.

Recommendation 1.2 – A listed entity should:

a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of non-executive directors, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

Recommendation 1.4 – The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

Recommendation 1.5 – A listed entity should:

a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

b. disclose that policy or a summary of it; and

c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The company has a diversity policy which requires the Board to set measurable objectives for achieving gender diversity and to assess the objectives and the company's progress towards achieving them on an annual basis. The diversity policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables the company to attract and retain employees with the best skills and abilities.

As at the date of this report, 20% of the organisation were women; and 20% of senior executive positions were occupied by women. For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore Gender Equality Indicators are not required to be disclosed.

Recommendation 1.6 – A listed entity should:

a. have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and

b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board reviews its performance annually, as well as the performance of individual Committees and individual directors (including the performance of the Chairman as Chairman of the Board). The review for the current financial year occurred on 19 June 2019 and was led by the Chairman. The process included collective Board discussions and individual interviews conducted by the Chairman. The review of the Chairman's role was conducted by the Chair of the Audit and Risk Committee.

Recommendation 1.7 – A listed entity should:

a. have and disclose a process for periodically evaluating the performance of its senior executives; and

b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the company. Such reviews were conducted during June 2019.

Corporate Governance Statement continued

Principle 2: Structure the board to add value

Recommendation 2.1 – The board of a listed entity should:

a. have a nomination committee which:

1. has at least three members, a majority of whom are independent directors; and

2. is chaired by an independent director,

and disclose:

3. the charter of the committee;

4. the members of the committee; and

5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board maintains a combined Nomination and Remuneration Committee, whose members during the financial year, were as follows:

DIRECTOR'S NAME	EXECUTIVE STATUS	INDEPENDENCE STATUS
Graeme Barclay	Non-Executive Chairman	Independent
John Lindsay – Chair	Non-Executive Member	Independent
Kathy Gramp	Non-Executive Member	Independent

All members are Independent. The Committee members and the Chair are independent.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

Recommendation 2.2 – A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. It is therefore used when recruiting new directors and assessing which skills need to be outsourced based on the attributes of the current Board members. The existence of each attribute is assessed by the Board as either, High, Medium or Low.

SKILL CATEGORY	DESCRIPTION OF ATTRIBUTES REQUIRED	LEVEL OF IMPORTANCE	EXISTENCE IN CURRENT BOARD
Risk and compliance	Identification of key risks to the company related to each key area of operations. Monitoring of risks, satisfy compliance issues and knowledge of legal and regulatory requirements.	High	High
Financial and audit	Analysis and interpretation of accounting and finance issues including assessment and resolution of audit and financial reporting risks, contribution to budgeting and financial management of projects and company, assessing and supervising capital management.	High	High
Strategic	Development of strategies to achieve business objectives, oversee implementation and maintenance of strategies, and identification and critical assessment of strategic opportunities and threats to the company.	High	High
Operating policies	Key issue identification representing operational and reputational risks and development of policy responses and parameters within which the company should operate.	Medium	High
Information technology	Knowledge of IT governance including privacy, data management and security.	Medium	High
Executive management	Performance assessments of senior executives, succession planning for key executives, setting of key performance hurdles, experience in industrial relations and organisational change management programmes.	Medium	High
Age and gender	Board aims for equal gender representation and range of experienced individuals to contribute towards better Board outcomes.	Medium	Medium

The Board currently believes that its membership adequately represents the required skills as set out in the matrix and therefore does not intend to seek any new or alternative candidates. External consultants may be brought in with specialist knowledge to address areas where this is an attributed deficiency in the Board.

Corporate Governance Statement continued

In addition to the specific areas that are required at Board level identified the matrix above, all members of the Board are assessed for the following attributes before they are considered an appropriate candidate:

BOARD MEMBER ATTRIBUTES	
Leadership	Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker.
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Negotiation	Negotiation skills which engender stakeholder support for implementing Board decisions.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks.

Recommendation 2.3 – A listed entity should disclose:

a. the names of the directors considered by the Board to be independent directors;

b. if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c. the length of service of each director.

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

DIRECTOR'S NAME	APPOINTMENT DATE	LENGTH OF SERVICE AT REPORTING DATE	INDEPENDENCE STATUS
Graeme Barclay	20 Sept 2018	10 months	Independent Non-Executive
John Lindsay	15 May 2018	15 months	Independent Non-Executive
Kathy Gramp	15 May 2018	15 months	Independent Non-Executive
Michael Simmons	6 June 2019	2 months	Not-Independent Executive
Vaughan Bowen	13 March 2019	5 months	Not-Independent Executive

The Board may determine that a director is independent notwithstanding the length of service or the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

Recommendation 2.4 – A majority of the board of a listed entity should be independent directors.

Having regard to the response to Recommendation 2.3 above, there is a 60/40 spilt between independent and not-independent members of the Board at the reporting date.

Recommendation 2.5 – The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Graeme Barclay is Chair of the Board and is considered to be an independent director of the company. Michael Simmons is the Group CEO.

Recommendation 2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments.

Principle 3: Act ethically and responsibly

Recommendation 3.1 – A listed entity should:

a. have a code of conduct for its directors, senior executives and employees; and

b. disclose that code or a summary of it.

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and in the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain, declare any conflict of interest; safeguard company's assets and information and undertake any action that may jeopardise the reputation of company.

That code is available on the company's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – The board of a listed entity should:

a. have an audit committee which:

1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
2. *is chaired by an independent director, who is not the chair of the board,*

and disclose:

3. *the charter of the committee;*
4. *the relevant qualifications and experience of the members of the committee; and*
5. *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board maintains a combined Audit and Risk Committee, the members of which are:

DIRECTOR'S NAME	EXECUTIVE STATUS	INDEPENDENCE STATUS
Graeme Barclay	Non-Executive Member	Independent
John Lindsay	Non-Executive Member	Independent
Kathy Gramp – Chair	Non-Executive Chairman	Independent

All of the Committee members and the Chair are independent, thereby satisfying this Recommendation.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

Corporate Governance Statement continued

Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the financial year ended 30 June 2019 and the half-year ended 31 December 2018, the company's CEO and CFO provided the Board with the required declarations.

Recommendation 4.3 – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – A listed entity should:

a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

b. disclose that policy or a summary of it.

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The Company Secretary is required to consult with the CEO in relation to matters brought to their attention for potential announcement. Generally, the CEO is ultimately responsible for decisions relating to the making of market announcements. The Board is required to authorise announcements of significance to the company. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

Principle 6: Respect the rights of security holders

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

In order for the investors to gain a greater understanding of the company's business and activities, the company schedules regular interactions between the CEO, CFO and/or Managing Director where it engages with institutional and private investors, analysts and the financial media. These meetings are not held within a four-week blackout period in advance of the release of interim or full-year results. The company encourages shareholders to attend its AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to. Written transcripts of the meeting are made available on the company's website.

Recommendation 6.4 – A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Boardroom Limited at boardroomlimited.com.au

Investor Relations
Peter Wildy
Company Secretary
Level 1, 44 Currie St
Adelaide, SA 5000.

Principle 7: Recognise and manage risk

Recommendations 7.1 and 7.2

The board of a listed entity should:

a. have a committee or committees to oversee risk, each of which:

   1. has at least three members, a majority of whom are independent directors; and
   2. is chaired by an independent director,

   and disclose:

   3. the charter of the committee;
   4. the members of the committee; and
   5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a risk committee or committees that satisfy a. above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The board or a committee of the board should:

a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

b. disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed in Recommendation 4.2 above.

The charter of the Risk Committee can be found on the company's website.

The Audit and Risk Committee is working with management to develop a risk management framework.

Corporate Governance Statement continued

Recommendation 7.3 – Internal Audit

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company did not have an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

(i) The Audit and Risk Committee will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and

(ii) the Audit and Risk Committee will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

All material risks are announced to the market in accordance with the requirements of the ASX Listing Rules.

Refer to the company's Annual Report for disclosures relating to the company's material business risks (including those that could adversely affect the company's prospects for future financial years) and how these risks are managed.

Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – The board of a listed entity should:

a. have a remuneration committee which:

1. has at least three members, a majority of whom are independent directors; and

2. is chaired by an independent director,

and disclose:

3. the charter of the committee;

4. the members of the committee; and

5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board maintains a combined Nomination and Remuneration Committee. The members of the Committee are detailed in Recommendation 2.1 above.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The committee's charter sets out the roles and responsibilities, composition and structure of the Committee and is available on the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance-based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Recommendation 8.3 – A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.

Board of Directors

GRAEME BARCLAY

NON-EXECUTIVE CHAIR

Thirty-five years of experience in professional services, including investment banking and telecommunications.

Previously Managing Director of BAI Communications Group.

Previously Non-Executive Chairman of the Nextgen group of companies including the Metronode datacentre business.

Joined the Board of Uniti Group Limited in September 2018 and was elected Chairman at that time.

Currently a Non-Executive Director of Codan Limited and BSA Limited.

Currently the CEO of Axicom Holdings Limited.

MICHAEL SIMMONS

GROUP MANAGING DIRECTOR & CEO

Forty years' experience in the media and telecommunications industry.

Previously the founding CEO of TPG Telecom (formerly SP Telemedia Limited/NBN Enterprises Pty Ltd).

Previously a non-Executive Director of M2 Telecommunications Limited and Managing Director of Terria (the industry bid to build NBNCo).

Previously CEO of Vocus Enterprise, Wholesale & Government before becoming CEO of Vocus Group.

Michael joined Uniti Group Limited as CEO at the end of October 2018 and became Managing Director in June 2019.

JOHN LINDSAY

NON-EXECUTIVE DIRECTOR

Significant experience as CIO and CTO in various Internet Service Provider and telecommunication companies.

Previously CTO if iiNet Ltd and Internode Pty Ltd.

Previously Director of Internet Industry Association.

Currently Director of Telecommunication Industry Ombudsman Ltd.

Currently Non-Executive Director of Ultraserve and Redflow.

John joined the board of Uniti Group Limited in May 2018.

KATHY GRAMP

NON-EXECUTIVE DIRECTOR

Twenty years' experience as a Company Director across a diverse range of industries.

Previously held finance executive roles including CFO positions in the commercial radio and digital media sector.

Currently Non-Executive Director of Codan Limited.

Currently Non-Executive Director of Australian Institute of Company Directors.

Currently a Fellow of the Australian Institute of Company Directors and Institute of Charted Accountants.

Kathy joined the board of Uniti Group Limited in May 2018.

VAUGHAN BOWEN

EXECUTIVE DIRECTOR

Vast experience in telecommunications industry having led the identification, vendor negotiation and acquisition of more than 30 companies.

Founder of ASX100 company M2 Group that owned household names including Dodo, iPrimus and Commander.

Experienced Company Director holding various roles over the past 10 years.

Previous Chairman of Vocus Group Limited.

Currently the Chairman of the Telco Together Foundation.

Vaughan joined Uniti Group Limited in the role of Executive Director in March 2019 to lead the Company's mergers and acquisitions ("M&A") activities.

PETER WILDY

COMPANY SECRETARY

Over 20 years of financial management experience in the construction and information technology sectors.

Previously CFO of Hostworks and saw the company through a public listing and successful acquisition.

Proven track record growing revenue and raising capital through to IPO and ASX listings.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity Uniti Group Limited hereinafter referred to as "the Group" or 'consolidated entity' consisting of Uniti Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019 ("year").

Directors

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

Graeme Barclay (appointed 20 September 2018) – Chairman

Kathy Gramp

John Lindsay

Vaughan Bowen	(appointed 13 March 2019)
Michael Simmons	(appointed 6 June 2019)
Sasha Baranikov	(ceased 14 February 2019)
Che Metcalfe	(ceased 14 February 2019)
Jules Maussen	(ceased 1 August 2018)

Principal activities

During the financial year the principal continuing activities of the Group consisted of the provision of internet and associated telecommunications products and services.

During the year the Group trading and activities were significantly improved by the acquisitions of Fuzenet Pty Ltd, Fone Dynamics Pty Ltd and Call Dynamics Pty Ltd which transformed the Group to a profitable trading position with positive operating cash flows for the month of June 2019.

Dividends

There were no dividends declared or paid during the financial year.

Review of Operations

The statutory loss for the consolidated entity after providing for income tax amounted to $13,531,000 (30 June 2018: Loss of $4,801,000).

The statutory loss includes significant once off items (from actions and transactions undertaken in the second half of the year) including costs incurred in listing the Company on the ASX, the acquisition of Fuzenet Pty Ltd, Fone Dynamics Pty Ltd and Call Dynamics Pty Ltd and partial impairment of fixed wireless assets (non-cash). It also includes approximately $3m of share based expenses relating to shares and options issued during the year and certain restructuring costs associated with the rationalisation of existing operations and integration of the acquisitions.

After adjusting for the significant once off items the Loss after Tax for the consolidated entity for the year was $4.1m compared to the prior corresponding period loss after tax of $4.8m.

The Earnings before Interest, Tax Depreciation and Amortisation (EBITDA) after adjusting for the significant once off items for the year was $300k compared to negative $1.9m for the prior corresponding period.

In the second half of the year the Group significantly out-performed the first half as a result of the actions and transactions undertaken in the second half of the year. After adjusting for the significant once off items the EBITDA in the second half of the year was $1.855m (first half loss of $1.555m).

The actions and transactions undertaken has resulted in the Group now trading profitably and cash flow positively at the end of the year and positioned the Group for further improvement in the 2020 financial year.

The Group has a clear strategy for organic growth combined with earnings accretive growth through acquisition centred around a three pillars segmentation of markets/products being wireless, fibre and specialty telecommunications products and services provision.

Since the end of the financial year, in line with strategy, the Company has announced the acquisition of LBNCo an owner and operator of fibre infrastructure providing wholesale telecommunications services. The transaction is highly earnings accretive based on the FY20 forecast EBITDA of LBNCo and is anticipated to be a significant contributor to future earnings of the Group.

In the second half of the year the Company undertook two capital raisings, initially on listing on the ASX in February 2019 raising $13.2m (before costs) and a share placement of $15m (before costs) in June 2019. These funds have supported the actions and transactions of the second half of the year and have also resulted in the Group holding significant cash reserves of approximately $19.1m and limited debt (approximately $2.5m) at year end.

The Group now has a strong balance sheet, infrastructure businesses, more diverse products and services and a pipeline of acquisition targets such that Directors are highly confident the Group can capitalise on the work undertaken to date and continue this growth in to the future.

Significant changes in the state of affairs

On the 13 February 2019 the Company listed on the Australian Securities Exchange (ASX: UWL) and raised approximately $13.2m (before costs).

On 11 February 2019 the Company, acquired 100% of the ordinary shares of Fuzenet Pty Ltd (FuzeNet) and subsidiary entities for a total consideration of $10.7m (before costs). FuzeNet is a provider of internet and associated telecommunications products and services principally on fibre networks which are an alternative to the fibre network provided by the Australian Government controlled NBNCo Limited (NBNCo).

On 1 June 2019 the Company acquired 100% of the ordinary shares of Fone Dynamics Pty Ltd (Fone Dynamics) and subsidiary entities for a maximum consideration of $8.4m (before costs). Fone Dynamics is a provider of inbound voice services and SMS messaging services with a value added analytic call tracking capability.

On 1 June 2019 the company acquired 100% of the ordinary shares of Call Dynamics Pty Ltd (Call Dynamics) for a total consideration of $2.0m. Call Dynamics is a provider of inbound voice services and its product aligns with the Fone Dynamics application.

The ASX listing of the company enabled it to undertake the Fuzenet, Fone Dynamics and Call Dynamics acquisitions that have transformed the operating performance from a business incurring significant losses with negative operating cash flows to a business that is now trading profitably and generating positive operating cash flows.

On 5 June 2019 the company completed an equity raise of $15m (before costs) from a placement of 15 million shares at $1.00 per share.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 6 August 2019 at an Extraordinary General Meeting of the Company shareholders approved a change of name of the Company to Uniti Group Limited. Shareholders also ratified the issue of fully paid shares and share options as below:

- Ratification of the issue of Placement Shares
- Ratification of the issue of PPL Shares (in relation to the acquisition of the customer base of Pivit Pty Ltd)
- Ratification of the issue of CDPL Shares (in relation to the acquisition of Call Dynamics Pty Ltd)
- Ratification of the issue of FDPL Shares (in relation to the acquisition of Fone Dynamics Pty Ltd)
- Ratification of the issue of UWL options to Vaughan Bowen

Directors' Report continued

On 19 August 2019, the Company announced the acquisition of LBNCo, subject to Conditions Precedent being met. At the same time the Company announced a fully underwritten placement of shares and a Non-renounceable Rights Issue to raise in aggregate $100.2m (before costs) to fund the purchase of LBNCo and increase the existing cash reserves of the Group.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

There are no other developments other than those listed above that are likely to materially impact the results of operations of the Group at this time.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Directors

Name:	Graeme Barclay
Title:	Non-Executive Chairman
Qualifications:	MAICD, FFin, MA, CA
Experience and expertise:	Graeme has 35 years of experience in professional services, investment banking and telecommunications. He is the former Managing Director of BAI Communications group and former non-executive chairman of the Nextgen group of companies including the Metronode datacentre business. Graeme joined the Board of Uniti Group Limited in September 2018 and was elected Chairman at that time. He is currently the CEO of Axicom Holdings Limited.
Other current directorships:	Non-Executive Director of BSA Limited Non-Executive Director of Codan Limited
Special responsibilities:	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee
Interests in shares:	2,858,228 ordinary fully paid shares
Interests in options:	2,458,228
Name:	Michael Simmons
Title:	Managing Director and Chief Executive Officer
Qualifications:	B.Comm
Experience and expertise:	Michael has nearly 40 years of experience in the media and telecommunications industry as a CEO, Director or CFO over this period. Michael was the founding CEO of TPG Telecom (formerly SP Telemedia Limited/NBN Enterprises Pty Ltd), a non Executive Director of M2 Telecommunications Limited, Managing Director of Terria (the industry bid to build NBNCo) and CEO of Vocus Enterprise, Wholesale & Government and CEO of Vocus Group. Michael joined Uniti Group Limited as CEO at the end of October 2018 and became Managing Director in June 2019.
Other current directorships:	Nil
Special responsibilities:	Nil
Interests in shares:	3,687,342 ordinary fully paid shares
Interests in options:	2,458,228

Name:	Kathy Gramp
Title:	Non-Executive Director
Qualifications:	FAICD, FCA
Experience and expertise:	Kathy has 20 years of experience as a Company Director across a diverse range of industries. She previously held finance executive roles and was CFO in the commercial radio and digital media sector. Kathy joined the board of Uniti Group Limited in May 2018.
Other current directorships:	Non-Executive Director of Codan Group Limited
Special responsibilities:	Member of the Nomination and Remuneration Committee Chairman of the Audit and Risk Committee
Interests in shares:	307,279 ordinary fully paid shares
Interests in options:	921,835
Name:	John Lindsay
Title:	Non-Executive Director
Qualifications:	GAICD
Experience and expertise:	John has significant experience as CIO and CTO in various Internet Service Provider and telecommunication companies. John joined the board of Uniti Group Limited in May 2018.
Other current directorships:	Non-Executive Director of Redflow Limited Director Telecommunications Industry Ombudsman Limited (Unlisted)
Special responsibilities:	Chairman of the Nomination and Remuneration Committee Member of the Audit and Risk Committee
Interests in shares:	315,279 ordinary fully paid shares
Interests in options:	921,835
Name:	Vaughan Bowen
Title:	Executive Director
Qualifications:	B.Com (NSW)
Experience and expertise:	Vaughan has held various directorships over the past 10 years, was the founder of M2 Group Limited, Previously Chairman of Vocus Group Limited and is currently the Chairman of the Telco Together Foundation. Vaughan joined Uniti Group Limited in the role of Executive Director in March 2019 to lead the Company's mergers and acquisitions ("M&A") activities.
Other current directorships:	Nil
Special responsibilities:	Nil
Interests in shares:	4,495,337 ordinary fully paid shares
Interests in options:	2,458,230

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Interests in shares and options are stated as at 30 June 2019. Mr Bowen's options were granted in March 2019 on commencement of employment, and were approved by shareholders at the company's EGM held on 6th August 2019.

Company secretary

Peter Wildy (BA Acc, CA) has held the role of Company Secretary since August 2018. Peter is a member of the Institute of Chartered Accountants. Peter has over 20 years of financial management experience in the construction and information technology sectors including CFO of Hostworks Group Limited. Peter has a proven track record growing revenue and raising capital through public offerings and ASX listings.

Directors' Report continued

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director that held office during the year were:

	FULL BOARD		NOMINATION AND REMUNERATION COMMITTEE		AUDIT AND RISK COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Graeme Barclay	30	30	2	2	2	2
Kathy Gramp	34	34	2	2	2	2
John Lindsay	34	34	2	2	2	2
Vaughan Bowen	12	12				
Michael Simmons	2	2				
Jules Maussen	–	–				
Sasha Baranikow	19	19				
Che Metcalfe	18	19				

Held: represents the number of meetings held during the time the current director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel to the Company's board and its executive positions.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary and aligned to the strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan targets
- focusing on sustained growth in shareholder wealth, consisting of growth in share price primarily, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 2 November 2018, where the shareholders approved a maximum annual aggregate remuneration of $350,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- long term performance incentives as share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Directors' Report continued

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the Group with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. STI payments are a mixture of cash and share based payments and executives do have the option to convert cash based payments to a share based payment measured at the 10 day volume weighted average price of the Company shares at that time.

The long-term incentives ('LTI') program is designed to align the targets of the Group with the performance hurdles of executives. LTI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. All LTI incentives are share-based payments. Shares are vested in executives over a period of three years assuming continued employment and satisfactory performance. Share-based payments are issued at the 10 day volume weighted average price of the Company shares at that time.

Consolidated entity performance and link to remuneration

Remuneration for executives is directly linked to the performance of the consolidated entity and of the executive. A portion of cash bonus and incentive payments are dependent on defined budgeted earnings and earnings per share targets being met. All cash bonus and other incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that continued improved results will be attributed in part to the adoption of performance based compensation and is satisfied that improvement will continue to increase shareholder wealth if maintained over the coming years.

An agreed set of protocols was put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include executive directors and executives not being members of the Nomination and Remuneration Committee.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')

As the Company listed on the ASX in February 2019, there was no requirement in the prior year for Shareholders to vote on the Company's remuneration report for 2018 at the AGM held in November 2018.

Details of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. Share-based payments, which were performance linked to the completion of the Fuzenet acquisition and the ASX listing, to Graeme Barclay, John Lindsay, Kathy Gramp and Michael Simmons were approved by shareholders at the EGM of the Company held on 26 October 2018.

The key management personnel of the consolidated entity during the year consisted of the following:

- Graeme Barclay – Non-Executive Chairman (appointed 20 September 2018)
- Kathy Gramp – Non-Executive Director (appointed 15 May 2018)
- John Lindsay – Non-Executive Director (appointed 15 May 2018)
- Vaughan Bowen – Executive Director (appointed 13 March 2019)
- Michael Simmons – Managing Director and Chief Executive Officer (appointed 15 October 2018)
- Jules Maussen – Non-Executive Director (ceased 1 August 2018)
- Sasha Baranikow – Executive Director (ceased 14 February 2019)
- Che Metcalfe – Executive Director (ceased 14 February 2019)
- Darryl Inns – Group Chief Financial Officer (appointed 15 April 2019)

Changes since the end of the reporting period: Nil

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS			
2019	CASH SALARY AND FEES $	CASH BONUS $	NON-MONETARY $	SUPER-ANNUATION $	EQUITY-SETTLED SHARES $	EQUITY-SETTLED OPTIONS $	TOTAL $	PERFORMANCE BASED %
Non-Executive Directors:								
Graeme Barclay (Chairman)[1]	57,639	–	–	5,476	614,557	229,515	907,187	93%
Kathy Gramp	65,833	–	–	6,254	76,820	72,005	220,912	67%
John Lindsay	65,833	–	–	6,254	76,820	72,005	220,912	67%
Jules Maussen[2]	60,000	–	–	–	–	–	60,000	0%
Executive Directors:								
Vaughan Bowen[3]	57,604	–	–	5,472	–	629,999	693,075	91%
Michael Simmons[4]	199,928	–	–	14,595	921,835	229,515	1,365,873	84%
Sasha Baranikov[5]	204,345	–	–	11,823	169,003	–	385,171	44%
Che Metcalfe[5]	195,219	–	–	12,157	169,003	–	376,379	45%
Other Key Management Personnel:								
Darryl Inns[6]	52,954	–	–	4,738	–	40,989	98,681	41%
Total	959,355	–	–	66,769	2,028,038	1,274,028	4,328,190	76%

(1) Represents remuneration from 20 September 2018 to 30 June 2019

(2) Represents remuneration from 1 July 2017 to 1 August 2018

(3) Represents remuneration from 13 March 2019 to 30 June 2019

(4) Represents remuneration from 15 October 2018 to 30 June 2019

(5) Represents remuneration from 1 July 2018 to 14 February 2019 including any termination and leave payments

(6) Represents remuneration from 15 April 2019 to 30 June 2019

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the month after the end of the financial year by the Nomination and Remuneration Committee.

During the year STI and LTI payments were potentially payable to executive directors and executives of the Group. The personnel entitled to a potential STI and LTI payment have advised the Nomination and Remuneration Committee they have waived 100% of their entitlement to rewards under STI and/or LTI in respect of the financial year ended 30 June 2019 in light of the poor trading performance of the Group in the first half of the financial year.

Directors' Report continued

2018	SHORT-TERM BENEFITS CASH SALARY AND FEES $	CASH BONUS $	NON-MONETARY $	POST-EMPLOYMENT BENEFITS SUPER-ANNUATION $	SHARE-BASED PAYMENTS EQUITY-SETTLED SHARES $	EQUITY-SETTLED OPTIONS $	TOTAL $	PERFORMANCE BASED %
Non-Executive Directors:								
Kathy Gramp	–	–	–	–	–	–	–	–
John Lindsay	–	–	–	–	–	–	–	–
Jules Maussen (Chairman)	–	–	–	–	–	–	–	–
Executive Directors:								
Sasha Baranikov	182,767	–	–	17,363	–	–	200,130	0%
Che Metcalfe	182,767	–	–	17,363	–	–	200,130	0%
Total	365,534	–	–	34,726	–	–	400,260	0%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Michael Simmons
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	15 Oct 2018
Term of agreement:	No Fixed Term
Details:	Base salary for the year ending 30 June 2020 of $300,000 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three month termination notice by either party. An annual STI bonus of $200,000 and LTI bonus of $200,000 subject to Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses. In addition, shares and options listed below, conditional on completion of the Fuzenet acquisition and listing on the ASX, and approved by Shareholders at an EGM on the 26 October 2018.
Name:	Vaughan Bowen
Title:	Executive Director
Agreement commenced:	13 March 2019
Term of agreement	No Fixed Term
Details:	Base salary for the year ending 30 June 2020 of $200,000 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three month termination notice by either party. An annual STI bonus of $150,000 and LTI bonus of $150,000 subject to Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses. In addition, options listed below were issued at the time of appointment and subsequently ratified by Shareholders at an EGM on the 6 August 2019.

Name:	Darryl Inns
Title:	Group Chief Financial Officer
Agreement commenced:	15 April 2019
Term of agreement:	No Fixed Term
Details:	Base salary for the year ending 30 June 2020 of $250,000 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three month termination notice by either party. An annual STI bonus of $100,000 and LTI bonus of $100,000 subject to Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses. In addition, options listed below were issued at the time of appointment.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

NAME	DATE	SHARES	ISSUE PRICE	$
Graeme Barclay	21 December 2018	2,458,228	$0.25	614,557
Kathy Gramp	21 December 2018	307,279	$0.25	76,820
John Lindsay	21 December 2018	307,279	$0.25	76,820
Michael Simmons	21 December 2018	3,687,342	$0.25	921,835
Che Metcalfe	21 December 2018	676,013	$0.25	169,003
Sasha Baranikow	21 December 2018	676,013	$0.25	169,003

Options

The terms and conditions of each grant of options over ordinary shares as remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

NAME	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	TOTAL FAIR VALUE AT GRANT DATE
Graeme Barclay	1,229,114	21 December 2018	30 June 2019	30 June 2022	$0.250	$171,013
	614,557		30 June 2020	30 June 2023	$0.300	$88,627
	614,557		30 June 2021	30 June 2024	$0.375	$90,243
Kathy Gramp	307,279	21 December 2018	30 June 2019	30 June 2022	$0.250	$42,753
	307,279		30 June 2020	30 June 2023	$0.300	$44,313
	307,279		30 June 2021	30 June 2024	$0.375	$45,121
John Lindsay	307,279	21 December 2018	30 June 2019	30 June 2022	$0.250	$42,753
	307,279		30 June 2020	30 June 2023	$0.300	$44,313
	307,279		30 June 2021	30 June 2024	$0.375	$45,121
Che Metcalfe (2)	184,367	21 December 2018	30 June 2019	30 June 2022	$0.00	$46,092
	184,367		30 June 2020	30 June 2023	$0.00	$39,178
	184,367		30 June 2021	30 June 2024	$0.00	$34,569

Directors' Report continued

NAME	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	TOTAL FAIR VALUE AT GRANT DATE
Sasha Baranikow[(2)]	184,367	21 December 2018	30 June 2019	30 June 2022	$0.0	$46,092
	184,367		30 June 2020	30 June 2023	$0.0	$39,178
	184,367		30 June 2021	30 June 2024	$0.0	$34,569
Vaughan Bowen[(1)]	819,410	6 August 2019	31 December 2019	31 December 2022	$0.250	$864,821
	819,410		30 June 2020	30 June 2023	$0.300	$849,995
	819,410		30 June 2021	30 June 2024	$0.375	$840,994
Michael Simmons	1,229,114	21 December 2018	30 June 2019	30 June 2022	$0.250	$171,013
	614,557		30 June 2020	30 June 2023	$0.300	$88,627
	614,557		30 June 2021	30 June 2024	$0.375	$90,243
Darryl Inns	330,000	12 April 2019	31 March 2020	31 March 2023	$0.56	$89,832
	330,000		31 March 2021	31 March 2024	$0.71	$91,365
	590,000		31 March 2022	31 March 2025	$0.86	$168,411

(1) Shareholders ratified the options for Vaughan Bowen on 6 August 2019. The options were approved by the Board as part of Vaughan's remuneration package and announced on the 13 March 2019 at the time of appointment.

(2) The options lapsed on cessation of employment during the year.

Options granted carry no dividend or voting rights, nor do they carry any rights to participate in any issues of shares of the Company or any other entity.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

NAME	VALUE OF OPTIONS GRANTED DURING THE YEAR $	VALUE OF OPTIONS EXERCISED DURING THE YEAR $	VALUE OF OPTIONS LAPSED DURING THE YEAR $	REMUNERATION CONSISTING OF OPTIONS FOR THE YEAR %
Graeme Barclay	349,883	–	–	93%
Kathy Gramp	132,187	–	–	67%
John Lindsay	132,187	–	–	67%
Vaughan Bowen	2,555,810	–	–	91%
Michael Simmons	349,883	–	–	84%
Sasha Baranikov	119,839	–	119,839	44%
Che Metcalfe	119,839	–	119,839	45%
Darryl Inns	349,608	–	–	41%

The options issued to Vaughan Bowen were ratified by Shareholders on 6 August 2019, and therefore according to the Accounting Standards, were valued at that date. The option issue was approved by the Board as part of Mr Bowen's employment package and announced on the 13 March 2019 at the time of his appointment as an executive and director of the Company. Had the options been valued at the time of approval by the Board, the value would have been $200,262.

Additional information

The earnings and share price details of the consolidated entity for the five years to 30 June 2019 have not been included as the comparison is not relevant for the financial year ended 30 June 2019.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each current director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	PURCHASED ON MARKET	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR
Ordinary shares					
Graeme Barclay	–	2,458,228	400,000	–	2,858,228
Kathy Gramp	–	307,279	–	–	307,279
John Lindsay	–	307,279	8,000	–	315,279
Vaughan Bowen	–	–	4,495,337	–	4,495,337
Michael Simmons	–	3,687,342	–	–	3,687,342
Darryl Inns	–	–	211,500	–	211,500
Total	–	6,760,128	5,114,837	–	11,874,965

Option holding

The number of options over ordinary shares in the Company held during the financial year by each current director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
Options over ordinary shares					
Graeme Barclay	–	2,458,228	–	–	2,458,228
Kathy Gramp	–	921,835	–	–	921,835
John Lindsay	–	921,835	–	–	921,835
Vaughan Bowen	–	2,458,230	–	–	2,458,230
Michael Simmons	–	2,458,228	–	–	2,458,228
Darryl Inns	–	1,250,000	–	–	1,250,000
Total	–	10,468,356	–	–	10,468,356

Other transactions with key management personnel and their related parties

Nil

This concludes the remuneration report, which has been audited.

Directors' Report continued

Shares issued on the exercise of options

No Shares have been issued on the exercise of options during the year.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the financial statements.

The directors are satisfied, on the advice of the Audit Committee, that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of HLB Mann Judd Audit (SA) Pty Ltd

There are no officers of the Company who are former partners of HLB Mann Judd Audit (SA) Pty Ltd.

Rounding of amounts

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

Auditor's independence declaration

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

Auditor

HLB Mann Judd Audit (SA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Graeme Barclay
Chairman

30 August 2019
Sydney

Auditor’s Independence Declaration

UNITI GROUP LIMITED

ABN 73 158 957 889

AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Uniti Group Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Uniti Group Limited and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Jon Colquhoun
Director

Adelaide, South Australia
30 August 2019

hlb.com.au
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Financial Report
for the year ended 30 June 2019

Contents

General information

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

Uniti Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 1, 44 Currie Street	Level 1, 44 Currie Street
Adelaide SA 5000	Adelaide SA 5000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2019. The directors have the power to amend and reissue the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	NOTE	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Revenue	4	**14,336**	4,095
Expenses			
Network and Hardware expense	5	**(6,619)**	(1,341)
Employee benefits expense		**(9,297)**	(2,906)
Depreciation and amortisation expense	5	**(5,753)**	(2,064)
Impairment of Right of Use Asset	5	**(1,407)**	–
Other expenses		**(3,919)**	(1,760)
Finance costs	5	**(872)**	(825)
Loss before income tax expense		**(13,531)**	(4,801)
Income tax expense	6	**–**	–
Loss after income tax expense for the year		**(13,531)**	(4,801)
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**(13,531)**	(4,801)

		CENTS	CENTS
Basic (loss) per share attributable to owners of Uniti Group	38	**(11.6)**	(12.0)
Diluted (loss) per share attributable to owners of Uniti Group	38	**(10.4)**	(12.0)

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

Statement of Financial Position

as at 30 June 2019

	NOTE	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**19,131**	847
Trade and other receivables	8	**1,507**	619
Inventories	9	**275**	13
Deposits and Prepayments	10	**608**	209
Contract Assets	11	**824**	–
Total current assets		**22,345**	1,688
Non-current assets			
Right of Use Assets	12	**4,464**	7,892
Property, plant and equipment	13	**3,589**	5,082
Intangibles	14	**20,920**	216
Total non-current assets		**28,973**	13,190
Total assets		**51,318**	14,878
Liabilities			
Current liabilities			
Trade and other payables	15	**4,668**	1,325
Contract Liabilities	16	**472**	131
Borrowings	19	**1,826**	1,233
Employee benefits	17	**255**	339
Provisions		**124**	–
Contingent Consideration	18	**6,546**	–
Total current liabilities		**13,891**	3,028
Non-current liabilities			
Trade and other payables	15	**1,500**	–
Contract Liabilities	16	**26**	438
Borrowings	19	**7,514**	8,042
Employee benefits	17	**33**	36
Contingent Consideration	18	**2,484**	–
Total non-current liabilities		**11,557**	8,516
Total liabilities		**25,448**	11,544
Net assets		**25,870**	3,334
Equity			
Issued capital	20	**46,691**	11,907
Reserves	21	**1,283**	–
Accumulated losses	22	**(22,104)**	(8,573)
Total equity		**25,870**	3,334

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

Statements of Changes in Equity

for the year ended 30 June 2019

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
Balance at 1 July 2017	5,378	–	(3,772)	1,606
Loss after income tax expense for the year	–	–	(4,801)	(4,801)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (Note 20)	6,529	–	–	6,529
Balance at 30 June 2018	11,907	–	(8,573)	3,334

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
Balance at 1 July 2018	11,907	–	(8,573)	3,334
Loss after income tax expense for the year	–	–	(13,531)	(13,531)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (Note 20)	26,698	–	–	26,698
Issue of Shares to advisor	675	–	–	675
Issue of Shares on conversion of convertible notes	2,970	–	–	2,970
Acquisition of Fuzenet	1,650	–	–	1,650
Acquisition of Call Dynamics, net of transaction costs	735	–	–	735
Acquisition of Pivit customer base, net of transaction costs	28	–	–	28
Share-based payments (Note 39)	2,028	1,283	–	3,311
Balance at 30 June 2019	**46,691**	**1,283**	**(22,104)**	**25,870**

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

Statement of Cash Flows

for the year ended 30 June 2019

	NOTE	CONSOLIDATED 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**15,033**	4,361
Payments to suppliers and employees (inclusive of GST)		**(15,926)**	(5,586)
Interest received		**41**	–
Other revenue		**1,500**	–
Interest and other finance costs paid		**(394)**	(825)
Income taxes paid		**–**	–
Net cash from / (used in) operating activities	35	**254**	(2,050)
Cash flows used in investing activities			
Payment for purchase of business, net of cash acquired	32	**(9,607)**	–
Payments to suppliers for the business acquisitions		**(904)**	–
Payments for property, plant and equipment		**(1,816)**	(3,887)
Payments for intangible assets		**(134)**	–
Net cash used in investing activities		**(12,461)**	(3,887)
Cash flows from financing activities			
Proceeds from issue of shares		**28,181**	6,994
Proceeds from borrowings		**3,000**	151
Proceeds from issue of convertible notes		**2,938**	–
Share issue transaction costs		**(1,589)**	(464)
Repayment of borrowings		**(2,039)**	(399)
Net cash from financing activities		**30,491**	6,282
Net increase in cash and cash equivalents		**18,284**	345
Cash and cash equivalents at the beginning of the financial year		**847**	502
Cash and cash equivalents at the end of the financial year	7	**19,131**	847

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

Notes to the Financial Statements
for the year ended 30 June 2019

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue from Contracts with Customers and AASB 16 Leases have been early adopted by the Group with effect from 1 July 2016.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

There has been no change in the classification of the Group's trade and other receivables, trade payables, cash and cash equivalents, and borrowings – these items continue to be measured at amortised cost.

The Group's trade and other receivables are subject to AASB 9's new expended credit loss (ECL) model for recognising and measuring impairment of financial assets.

The Group has adopted the simplified approach under AASB 9 for calculating the allowance. The collective loss allowance is determined based on the historical default percentage in each portfolio and adjusted for other current observable and forward-looking information as a means to estimate lifetime ECL for similar financial assets.

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 ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Uniti Group Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Uniti Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM').

Foreign currency translation

The financial statements are presented in Australian dollars, which is Uniti Group Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

The Group principally generates revenue from providing wireless and fibre broadband services. The provision of wireless communication services includes initial installation of associated network infrastructure. The typical length of a contract for wireless broadband services is 20 months. The provision of fibre communication services does not require installation of network infrastructure.

For bundled packages, the Group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the devices and services. For items that are not sold separately, the Group estimates stand-alone selling prices using the adjusted market assessment approach.

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 1. Significant accounting policies continued

Revenue from the provision of wireless broadband services is recognised monthly over the expected life of the contract, including any expected extensions of the service. Installation of the internet service is not distinct from the provision of internet service as the customer cannot benefit from either the broadband service or installation alone. The installation and broadband service are therefore identified as a single performance obligation and the associated revenue is recognised over time.

Revenue from the provision of fibre broadband services is recognised each month the service is made available to the consumer.

Revenue from the provision of telecommunication services relating to the provision of SMS services and 1300 numbers is recognised each month the service is made available to the customer.

Other Income

Disposal of assets

Revenue from the disposal of other assets is recognised when the group has transferred the risks and rewards of ownership to the buyer.

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

Interest

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

Research and Development/Grants

Research and Development incentives and other grant incentives are recognised when grant criteria are met.

Other items of income

Other items of income are recognised when they are received or when the right to receive payment is established.

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Uniti Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories

Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 1. Significant accounting policies continued

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

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

Leasehold improvements	4-10 years	Diminishing Value basis
Plant and equipment	3-10 years	Diminishing Value basis
Network Infrastructure	4-25 years	Straight Line basis

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases and Right Of Use Assets
At inception of a contract, the Group assesses whether the contract is ,or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of relative stand-alone prices.

Measurement
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are summarised below. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

CLASS OF RIGHT OF USE ASSET	USEFUL LIFE	DEPRECIATION METHOD
Buildings	2 to 10 years	Straight line basis
Network Infrastructure	2 years to 20 years	Straight line basis
Plant and Equipment	4 to 5 years	Diminishing value basis
Motor Vehicles	8 years	Diminishing value basis

The lease liability is initial measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than $10,000), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks

Trademarks owned by group entities are carried at cost less accumulated impairment losses.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years to 6.5 years.

Software

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

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 1. Significant accounting policies continued

Impairment of non-financial assets
Goodwill and other 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 non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Impairment of Right of Use Assets
The carrying values of Right of Use Assets are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the Right of Use Asset exceeds the estimate recoverable amount, the Right of Use Assets are written down to their recoverable amount. The assessment includes a review of performing and non-performing towers. Where a tower is identified as non-performing, the Right of Use Asset associated with that non-performing tower is reduced to its recoverable amount through an impairment charge.

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

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the services to the customer.

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

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 1. Significant accounting policies continued

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Uniti Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

Rounding of amounts

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

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level three is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimated Customer Life

In prior years, the estimated customer life was assessed to be six years, this has been reassessed to be 20 months, which management believes more accurately reflects the expected customer life.

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being the provision of telecommunication services to residential and business customers

Major customers

There were no major customers in 2019 or 2018 that contributed more than 5% of revenue.

Operating segments

The consolidated entity consisted of only one segment during 2019 and 2018, being telecommunication services to residential and business customers.

Geographical segments

The consolidated entity operated in only one geographical segment during 2019 and 2018, being Australia.

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 4. Revenue

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Revenue from contracts with customers		
Sale of goods	**191**	113
Rendering of services	**14,104**	3,841
	14,295	3,954
Other revenue		
Interest revenue	**41**	6
R&D Tax Incentive revenue	**–**	129
Other revenue	**–**	6
	41	141
Revenue	**14,336**	4,095

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

CONSOLIDATED – 2019	**$'000**	**$'000**
Major product lines		
Internet Service Provider	**13,591**	3,954
Telecommunications	**704**	–
	14,295	3,954
Geographical regions		
Australia	**14,295**	3,954
	14,295	3,954
Timing of revenue recognition		
Goods transferred at a point in time	**191**	113
Services transferred over time	**14,104**	3,841
	14,295	3,954

Note 5. Expenses

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Profit before income tax includes the following specific expenses:		
Network and Hardware expense		
Network and Hardware expense	**6,619**	1,341
Depreciation		
Leasehold improvements	**–**	34
Plant and equipment	**4,274**	736
Right of Use Assets	**840**	1,235
Total depreciation	**5,114**	2,005
Amortisation		
Customer contracts	**539**	–
Software	**100**	59
Total amortisation	**639**	59
Total depreciation and amortisation	**5,753**	2,064
Impairment of Right of Use Asset		
Impairment of Network Assets	**1,407**	–
Finance costs		
Interest and finance charges paid/payable	**872**	825
Superannuation expense		
Defined contribution superannuation expense	**420**	266
Share-based payments expense		
Share-based payments expense	**3,311**	–

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 6. Income tax expense

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Income tax expense		
Current tax	–	–
Deferred tax – origination and reversal of temporary differences	–	–
Aggregate income tax expense	–	–
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	–	–
Increase in deferred tax liabilities	–	–
Deferred tax – origination and reversal of temporary differences	–	–
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**(13,531)**	(4,801)
Tax at the statutory tax rate of 27.5%	**(3,721)**	(1,320)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Customer Contract Amortisation	**139**	–
Share-based payments	**910**	–
Sundry items	**215**	25
	(2,457)	(1,295)
Tax Loss not recognised	**2,457**	1,295
Income tax expense	–	–
Deferred tax assets not bought to account		
Unrecognised deferred tax relating to tax losses	**3,345**	1,872
Unrecognised deferred tax relating to temporary differences	**653**	487
	3,998	2,359

The Group has Deferred Tax Assets as detailed above which have not been brought to account as at this stage. It is not likely future assessable income will be derived from a nature and of an amount sufficient to enable the benefit to be realised.

Note 7. Current assets – cash and cash equivalents

	CONSOLIDATED	
	$'000	$'000
Cash on hand	1	1
Cash at bank	894	846
Cash on deposit	18,236	–
	19,131	847

Reconciliation to cash and cash equivalents at the end of the financial year

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

Balances as above	19,131	847
Balance as per statement of cash flows	19,131	847

Note 8. Current assets – trade and other receivables

	CONSOLIDATED	
	$'000	$'000
Trade receivables	2,082	257
Less: Allowance for expected credit losses	(575)	–
	1,507	257
Other receivables	–	362
	1,507	619

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

CONSOLIDATED	EXPECTED CREDIT LOSS RATE 2019 %	CARRYING AMOUNT 2019 $'000	ALLOWANCE FOR EXPECTED CREDIT LOSSES 2019 $'000
0 to 1 months overdue	1%	1,466	15
1 to 2 months overdue	25%	40	10
2 to 3 months overdue	50%	51	25
Over 3 months overdue	100%	525	525
		2,082	575

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 8. Current assets – trade and other receivables continued

Movements in the allowance for expected credit losses are as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Opening balance	–	–
Additional provisions recognised	120	–
Additions as part of Business Combinations	455	–
Closing balance	575	–

Allowance for expected credit losses
The consolidated entity has recognised a loss of $120,000 in profit or loss in respect of the expected credit losses for the year ended 30 June 2019

Note 9. Current assets – inventories

	CONSOLIDATED	
	2019 $'000	2018 $'000
Customer premise and Network Equipment	285	13
Provision for Stock Obsolescence	(10)	–
	275	13

Note 10. Current assets – deposits and prepayments

	CONSOLIDATED	
	2019 $'000	2018 $'000
Deposits	26	18
Security deposits	3	–
Prepayments	579	191
	608	209

Note 11. Current assets – contract assets

	CONSOLIDATED	
	2019 $'000	2018 $'000
Contract assets	824	–
	824	–

Note 12. Non-current assets – right of use assets

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Office Leases	**1,233**	2,128
Less: Accumulated depreciation	**(664)**	(523)
	569	1,605
Plant and equipment – at cost	**130**	130
Less: Accumulated depreciation	**(61)**	(42)
	69	88
Network Infrastructure – at cost	**5,479**	6,560
Less: Accumulated depreciation	**(1,705)**	(851)
	3,774	5,709
Motor Vehicles – at cost	**94**	700
Less: Accumulated depreciation	**(42)**	(210)
	52	490
Total Right of Use Assets	**4,464**	7,892

Reconciliations

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

CONSOLIDATED	OFFICE LEASES $'000	PLANT AND EQUIPMENT $'000	NETWORK INFRA-STRUCTURE $'000	MOTOR VEHICLES $'000	TOTAL $'000
Balance at 1 July 2017	2,023	117	2,157	466	4,763
Additions	–	–	4,201	163	4,364
Disposals	–	–	–	–	–
Depreciation expense	(418)	(29)	(649)	(139)	(1,235)
Balance at 30 June 2018	1,605	88	5,709	490	7,892
Additions	54	–	804	–	858
Impairment of Right of Use Asset (1)	–	–	(1,407)	–	(1,407)
Revaluation of Right of Use Asset (2)	(861)	–	(683)	–	(1,544)
Reclassification of Asset Type (3)	–	–	–	(407)	(407)
Disposals	(88)	–	–	–	(88)
Depreciation expense	(141)	(19)	(649)	(31)	(840)
Balance at 30 June 2019	**569**	**69**	**3,774**	**52**	**4,464**

(1) As a result of the annual review for impairment, non-performing towers were identified and an impairment charge of $1,407,000 was booked.

(2) During the year the remaining expected lease term was adjusted resulting in revaluation of the associated Right of Use Asset value.

(3) During the year vehicles owned by the Group were reclassified as Plant and Equipment as they are owned and controlled by the Group.

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 13. Non-current assets – property, plant and equipment

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Leasehold improvements – at cost	**219**	205
Less: Accumulated depreciation	**(72)**	(36)
	147	169
Plant and equipment – at cost	**1,227**	585
Less: Accumulated depreciation	**(756)**	(243)
	471	342
Network Infrastructure	**7,503**	5,442
Less: Accumulated depreciation	**(4,532)**	(871)
	2,971	4,571
	3,589	5,082

Reconciliations

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

CONSOLIDATED	LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	NETWORK INFRASTRUCTURE $'000	TOTAL $'000
Balance at 1 July 2017	138	233	1,838	2,209
Additions	65	264	3,407	3,736
Disposals	–	–	(93)	(93)
Depreciation expense (1)	(34)	(155)	(581)	(770)
Balance at 30 June 2018	169	342	4,571	5,082
Additions	4	5	2,132	2,141
Reclassification of Asset Type	–	407	–	407
Additions through business combinations (Note 32)	–	218	354	572
Disposals	–	(339)	–	(339)
Depreciation expense	(26)	(162)	(4,086)	(4,274)
Balance at 30 June 2019	**147**	**471**	**2,971**	**3,589**

(1) As a result of the reassessed useful life of a customer contract, from 6 years to 20 months, depreciation of network infrastructure assets increased by $2,172,000

Note 14. Non-current assets – intangibles

	CONSOLIDATED	
	2019 $'000	2018 $'000
Goodwill	**13,451**	–
Less: Impairment	**–**	–
	13,451	–
Customer contracts – at cost	**7,070**	–
Less: Accumulated amortisation	**(539)**	–
	6,531	–
Software – at cost	**1,305**	312
Less: Accumulated amortisation	**(625)**	(96)
	680	216
Other Intangible Assets	**235**	–
Trademarks	**23**	–
	258	–
	20,920	216

Reconciliations

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

CONSOLIDATED	TRADEMARKS $'000	OTHER INTANGIBLE ASSETS $'000	GOODWILL $'000	CUSTOMER CONTRACTS $'000	SOFTWARE $'000	TOTAL $'000
Balance at 1 July 2017	–	–	–	–	125	125
Additions	–	–	–	–	150	150
Amortisation expense	–	–	–	–	(59)	(59)
Balance at 30 June 2018	–	–	–	–	216	216
Additions	23	23	–	–	62	108
Additions through business combinations (Note 32)	–	212	13,451	7,070	502	21,235
Amortisation expense	–	–	–	(539)	(100)	(639)
Balance at 30 June 2019	**23**	**235**	**13,451**	**6,531**	**680**	**20,920**

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 14. Non-current assets – intangibles continued

Impairment testing

Goodwill acquired through business combinations have been allocated to a single cash generating unit as the key factors contributing to the goodwill relate to the synergies between the acquired business and the existing Group.

The recoverable amount of the CGU has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period approved by management. The cash flow projections are based on financial estimates approved by the Board for the 2020 financial year and a further two years. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

- 10.84% (2018: N/A) pre-tax discount rate.

The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital. The resulting discounted cash flow exceeded the value of goodwill on the company's balance sheet.

Sensitivity

As disclosed in Note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Management has considered the possible change in EBITDA and discount rates applied and any change would need to be significant for the recoverable amount not to exceed the carrying amount.

Note 15. Current and Non-Current liabilities – trade and other payables

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Current Liability		
Trade payables	**3,630**	973
Other payables	**1,038**	352
	4,668	1,325
Non-Current Liability		
Unearned Income – South Australia Financing Authority Grant	**1,500**	–
	1,500	–

Unearned Income of $1,500,000 has been received during the year from the South Australia Financing Authority but not yet recognised. This revenue will be brought to account as revenue progressively as grant income criteria are met.

Refer to Note 23 for further information on financial instruments.

Note 16. Current and Non-Current – contract liabilities

	CONSOLIDATED	
	2019 $'000	2018 $'000
Current Liability		
Customer Contract liabilities	**472**	131
Non-Current Liability		
Customer Contract liabilities	**26**	438
	26	438
Total	**498**	569
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	**569**	395
Additions as part of Business Combination	**348**	–
Revenue recognised from opening balance (1)	**(550)**	(110)
Revenue deferred during the period	**131**	284
Closing balance	**498**	569

(1) As a result of the reassessed useful life of a customer contract, from 6 years to 20 months, revenue recognised increased by $324,000

For the Wireless revenue stream, there are two performance obligations, the delivery of hardware to facilities connection and the delivery of internet service. Payments are received as part of the delivery and installation process and then services are settled monthly. Amounts received in relation to installations is combined with expected monthly payments for the total transaction price. Installation is not considered to be a performance obligation as the customer does not obtain any benefit at the point of installation.

For the Fibre revenue stream, the performance obligation is the delivery of internet services. Similarly, for the specialty business, the performance obligation is the provision of 1300 and SMS services.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $498,000 as at 30 June 2019 ($569,000 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Within 12 months	**472**	131
1 – 2 years	**26**	113
2 – 5 years	**–**	325
	498	569

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 17. Current and Non-Current liabilities – employee benefits

	CONSOLIDATED	
	2019 $'000	2018 $'000
Employee benefits – current	**255**	339
Employee benefits – non-current	**33**	36

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Employee benefits obligation expected to be settled after 12 months	**64**	85

Note 18. Current and Non-Current liabilities – contingent consideration

	CONSOLIDATED	
	2019 $'000	2018 $'000
Current Liability		
Contingent Consideration for Fone Dynamics Acquisition	**6,546**	–
	6,546	–
Non-Current Liability		
Contingent Consideration for Call Dynamics Acquisition	**630**	–
Contingent Consideration for Fone Dynamics Acquisition	**1,854**	–
	2,484	–

Subsequent to the end of the financial year the current contingent consideration has been settled through the issue of 12,556,059 shares in Uniti Group Limited as approved by shareholders on 6 August 2019.

The total contingent consideration for both Fone Dynamics and Call Dynamics that could be paid has been accrued as the company is confident that the entities will meet the criteria for these payments to be made.

Refer to Note 23 for further information on Contingent Consideration.

Note 19. Current and Non-current liabilities – borrowings

	CONSOLIDATED	
CURRENT	2019 $'000	2018 $'000
Bank loans	–	209
South Australia Financing Authority loan	735	–
Right of Use Lease Liability	1,020	758
Lease liability	56	129
Other loans	15	137
	1,826	1,233
NON-CURRENT		
South Australia Financing Authority loan	1,725	–
Right of Use Lease Liability	5,684	7,603
Lease liability	105	424
Other loans	–	15
	7,514	8,042

Refer to Note 23 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Bank loans	–	209
South Australia Financing Authority loan	2,460	–
Lease liability	161	553
	2,621	762

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 19. Current and Non-current liabilities – borrowings continued

Description of Lease Arrangements

The Group leases land and buildings for its office spaces as well as network infrastructure, plant and equipment and motor vehicles. The typical lease period of these leases is summarised below. Where leases include an option to renew the lease after the end of the contract term, the Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Some leases provide for additional rental payments that are based on changes in consumer price indices.

LEASE CATEGORY	TERM OF LEASE	RENEWAL OPTION AVAILABLE
Buildings	2 – 5 years	2 – 5 years
Network Infrastructure	2 – 10 years	2 – 10 years
Plant and Equipment	4 to 5 years	None
Motor Vehicles	8 years	None

Assets pledged as security

The b ank loan and South Australia Financing Authority (SAFA) loan are secured by a first mortgage over the parent entity assets. The Bank and SAFA rank equally and have pro-rata claim over the parent entity assets.

The lease liabilities are effectively secured as the rights to the leased asset, recognised in the statement of financial position, revert to the lessor in the event of default.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Total facilities		
Bank overdraft	–	–
Bank loans	–	209
	–	209
Used at the reporting date		
Bank overdraft	–	–
Bank loans	–	209
	–	209

Note 20. Equity – issued capital

	CONSOLIDATED			
	2019 SHARES	2018 SHARES	**2019 $'000**	2018 $'000
Ordinary shares – fully paid	**147,034,060**	2,953,017	**46,691**	11,907

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE	$'000
Balance	1 July 2017	2,121,827		5,377
Issue of shares	7 September 2017	2,570	$6.46	17
Issue of shares	21 December 2017	296,500	$8.00	2,372
Issue of shares	15 January 2018	528,120	$9.00	4,753
Issue of shares	14 February 2018	4,000	$9.00	36
Share issue transaction costs		–	–	(648)
Balance	30 June 2018	2,953,017		11,907
Issue of shares	7 September 2018	75,000	$9.00	675
Share Split (15.1059917 for 1)	7 December 2018	42,713,183		–
Issue of shares (IPO)	13 February 2019	52,724,212	$0.25	13,181
Issue of shares to Convertible Note Holders	13 February 2019	17,845,993	$0.175	3,123
Issue of shares to key management personnel	13 February 2019	8,112,154	$0.25	2,028
Issue of shares to Fuzenet Vendors	13 February 2019	6,600,000	$0.25	1,650
Issue of shares to Call Dynamics Vendors	31 May 2019	978,100	$0.76	740
Issue of shares (Placement)	5 June 2019	15,000,000	$1.00	15,000
Issue of shares to Pivit Vendor	7 June 2019	32,401	$0.93	30
Share issue transaction costs		–	–	(1,643)
Balance	**30 June 2019**	147,034,060		46,691

Ordinary shares

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

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

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity will look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 21. Equity – reserves

	CONSOLIDATED	
	2019 $'000	2018 $'000
Share Option reserve	**1,283**	–
	1,283	–

Share Option reserve
The reserve is used to recognise the fair value of share based payments, in particular options issued to Directors and management.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	SHARE OPTION $'000	TOTAL $'000
Balance at 1 July 2017	–	–
Options Issued	–	–
Balance at 30 June 2018	–	–
Options Issued	1,283	1,283
Balance at 30 June 2019	1,283	1,283

Note 22. Equity – accumulated losses

	CONSOLIDATED	
	2019 $'000	2018 $'000
Accumulated losses at the beginning of the financial year	**(8,573)**	(3,772)
Loss after income tax expense for the year	**(13,531)**	(4,801)
Accumulated losses at the end of the financial year	**(22,104)**	(8,573)

Note 23. Financial instruments

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

Market risk
Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

Price risk

The consolidated entity is not exposed to any significant price risk. The majority of customers in each entity sign up to a contract term with an agreed price.

Interest rate risk

The consolidated entity has limited Interest rate risk, with a fixed rate on the South Australia Financing Authority loan.

The consolidated entity's loans outstanding, totalling $2,460,000 (2018: $209,000), are principal and interest payment loans. Quarterly cash outlays of approximately $20,000 (2018: $1,000) per quarter are required to service the interest payments. As the interest rate is fixed, there is no interest rate risk. In addition, minimum principal repayments of $720,000 (2018: $760,000) are due during the year ending 30 June 2020 (2018: 30 June 2019).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a code of credit, including obtaining agency credit information when applicable, confirming references and setting appropriate credit limits The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity does not have a credit risk exposure as there is no single customer that represents a material component of the outstanding debtor balance. There are no guarantees against receivables but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customers to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and, no active enforcement activity.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Bank loans	–	209
	–	209

The bank loan was fully repaid during 2019 and the facility has been closed.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities.
The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 23. Financial instruments continued

CONSOLIDATED – 2019	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	3,630	–	–	–	3,630
Other payables	–	1,038	–	–	–	1,038
Contingent Consideration	–	6,546	2,484	–	–	9,030
Interest-bearing – fixed rate						
Right Of Use Liability	8.21%	1,328	1,388	2,690	4,580	9,986
Lease liability	8.65%	66	71	30	–	167
SAFA Loan	2.57%	792	792	990	–	2,574
Total non-derivatives		13,400	4,735	3,710	4,580	26,425

CONSOLIDATED – 2018	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	973	–	–	–	973
Other payables	–	352	–	–	–	352
Interest-bearing – fixed rate						
Bank loans	8.20%	209	–	–	–	209
Right of Use Liability	8.21%	1,236	1,160	3,479	7,565	13,440
Total non-derivatives		2,770	1,160	3,479	7,565	14,974

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. Fair value measurement

Fair value

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

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

CONSOLIDATED – 2019	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Liabilities				
Contingent Consideration	–	–	9,030	9,030
Total liabilities	–	–	9,030	9,030

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 25. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2019 $	2018 $
Short-term employee benefits	959	365
Post-employment benefits	67	35
Long-term benefits	–	–
Share-based payments	3,302	–
	4,328	400

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd Audit (SA) Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	CONSOLIDATED	
	2019 $	**2018 $**
Audit services – HLB Mann Judd Audit (SA) Pty Ltd		
Audit or review of the financial statements	**64,798**	30,000
Other services – HLB Mann Judd Audit (SA) Pty Ltd		
Preparation of Independent limited Assurance Report for Listing	**96,411**	9,487
	161,209	39,487
Other services – network firms		
Review of Forecast for IPO	**55,000**	–
	55,000	–

Note 27. Contingent assets

There are no Contingent assets as at 30 June 2019.

Note 28. Contingent liabilities

A claim has been lodged in the Federal Court for wrongful dismissal. The Company can not reliably measure any potential liability that may arise.

The consolidated entity has given bank guarantees as at 30 June 2019 of $24,600 (2018: $24,600) to various landlords.

Note 29. Commitments

	CONSOLIDATED	
	2019 $	**2018 $**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	**25**	100

Note 30. Related party transactions

Parent entity
Uniti Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 33.

Key management personnel
Disclosures relating to key management personnel are set out in Note 25 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	CONSOLIDATED	
	2019 $	2018 $
Payment for network tower right of use assets from Axicom Pty Limited (director-related entity of Graeme Barclay)	**599,420**	–
Payment for network tower right of use assets from BSA Limited (director-related entity of Graeme Barclay)	**37,337**	–

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	2019 $	2018 $
Current payables:		
Trade payables to Axicom Pty Limited (director-related entity of Graeme Barclay)	**178,267**	–
Trade payables to BSA Limited (director-related entity of Graeme Barclay)	**–**	–

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2019 $'000	**2018 $000**
Loss after income tax	**(14,515)**	(4,801)
Total comprehensive income	**(14,515)**	(4,801)

Statement of financial position

	PARENT	
	2019 $'000	**2018 $000**
Total current assets	**18,350**	1,688
Total assets	**46,478**	14,878
Total current liabilities	**3,331**	3,028
Total liabilities	**21,592**	11,544
Equity		
Issued capital	**46,691**	11,907
Option reserve	**1,283**	–
Accumulated losses	**(23,088)**	(8,573)
Total equity	**24,886**	3,334

Contingent liabilities

A claim has been lodged in the Federal Court for wrongful dismissal. The Company can not reliably measure any potential liability that may arise.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 32. Business combinations

On 11 February 2019 Uniti Group Limited, acquired 100% of the ordinary shares of Fuzenet Pty Ltd for the total consideration of $9,947,000. Fuzenet is an Internet Service Provider. The goodwill of $6,496,000 represents the future economic benefit of the customer contracts and future customer contracts. The acquired business contributed revenues of $6,948,000 and profit after tax of $1,282,000 to the consolidated entity for the period from 1 February to 30 June 2019. If the acquisition occurred on 1 July 2018, the full year normalised contributions would have been revenues of $16,042,000 and profit after tax of $3,013,000. The values identified in relation to the acquisition of Fuzenet are provisional as at 30 June 2019.

Details of the acquisition are as follows:

	FAIR VALUE $'000
Cash and cash equivalents	529
Trade receivables	851
Prepayments	39
Plant and equipment	981
Customer contracts	3.996
Trade payables	(1,488)
Other payables	(1,493)
Lease Liability	(3)
Accrual for Income Tax Refund	122
Employee benefits	(83)
Net assets acquired	3,451
Goodwill	6,496
Acquisition-date fair value of the total consideration transferred	9,947
Representing:	
Cash paid or payable to vendor	8,297
Shares issued in lieu of cash paid	1,650
	9,947
Acquisition costs expensed to profit or loss	444
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,297
Less: cash and cash equivalents	(529)
Net cash used	7,768

In addition to the cash used to acquire the business, Uniti Group Limited loaned Fuzenet Pty Ltd $1,206,000 to make dividend and acquisition payments. This loan is not part of the investment price, but is a cash outflow. There was also $3,000 of interest paid to Fuzenet vendors that was not included as part of the investment price but was a cash outflow. The fair value of trade receivables is $851,000. The gross contractual amount for trade receivables due is $1,241,000, of which $390,000 is provided for as expected credit losses that may not be collected.

Notes to the Financial Statements continued
for the year ended 30 June 2019

Note 32. Business combinations continued

On 1 June 2019 Uniti Group Limited, acquired 100% of the ordinary shares of Fone Dynamics Pty Ltd for the total consideration of $8,400,000. This is a Telecommunication Service Provider. The goodwill of $5,967,000 represents the future economic benefit of the customer contracts and future customer contracts. The acquired business contributed revenues of $559,000 and profit after tax of $151,000 to the consolidated entity for the period from 1 June to 30 June 2019. Disclosure of the full year contributions for revenue and profit after tax for Fone Dynamics is impractical due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified in relation to the acquisition of Fone Dynamics are provisional as at 30 June 2019.

Details of the acquisition are as follows:

	FAIR VALUE $'000
Cash and cash equivalents	103
Trade receivables	408
Prepayments	13
Plant and equipment	450
Contract assets	285
Customer contracts	2,139
Accrual for Income Tax Refund	132
Trade payables	(614)
Other payables	(434)
Employee benefits	(49)
Net assets acquired	2,433
Goodwill	5,967
Acquisition-date fair value of the total consideration transferred	8,400
Representing:	
Cash payable to vendor	1,854
Shares to be issued in lieu of cash paid	6,546
Contingent Consideration (Note 18)	8,400
Acquisition costs expensed to profit or loss	73
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	–
Less: cash and cash equivalents	(103)
Net cash used/(received)	(103)

The fair value of trade receivables is $408,000. The gross contractual amount for trade receivables due is $357,000, of which $51,000 is provided for as expected credit losses that may not be collected.

On 1 June 2019 Uniti Group Limited, acquired 100% of the ordinary shares of Call Dynamics Pty Ltd for the total consideration of $2,000,000. This is a Telecommunication Service Provider. The goodwill of $988,000 represents the future economic benefit of the customer contracts and future customer contracts. The acquired business contributed revenues of $145,000 and profit after tax of $32,000 to the consolidated entity for the period from 1 June to 30 June 2019. If the acquisition occurred on 1 July 2018, the full year normalised contributions would have been revenues of $1,567,000 and profit after tax of $145,000. The values identified in relation to the acquisition of Call Dynamics are provisional as at 30 June 2019.

Details of the acquisition are as follows:

	FAIR VALUE $'000
Cash and cash equivalents	117
Trade receivables	15
Prepayments	–
Plant and equipment	42
Contract assets	55
Customer contracts	934
Provision for Income Tax	(17)
Trade payables	(21)
Other payables	(104)
Employee benefits	(9)
Net assets acquired	1,012
Goodwill	988
Acquisition-date fair value of the total consideration transferred	2,000
Representing:	
Cash paid or payable (Contingent Consideration (Note 18) to vendor	1,260
Shares issued/to be issued in lieu of cash paid	740
	2,000
Acquisition costs expensed to profit or loss	58
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	630
Less: cash and cash equivalents	(117)
Net cash used	513

The fair value of trade receivables is $15,000. The gross contractual amount for trade receivables due is $15,000, of which $0 is not expected to be collected.

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2019 %	OWNERSHIP INTEREST 2018 %
Fuzenet Pty Ltd	Australia	100.00%	–
Fibreworks Pty Ltd	Australia	100.00%	–
Fone Dynamics Pty Ltd	Australia	100.00%	–
Call Dynamics Pty Ltd	Australia	100.00%	–
Uniti Air Pty Ltd	Australia	100.00%	100%
Uniti Health Pty Ltd	Australia	100.00%	100%
Uniti Play Pty Ltd	Australia	100.00%	100%
FDX Holdings Pty Ltd	Australia	100.00%	–
ACN 619 678 787 Pty Ltd	Australia	100.00%	–
Infotech Pty Ltd	Australia	100.00%	–
Fuzeconnect Pty Ltd	Australia	100.00%	–
LK Internet Pty Ltd	Australia	100.00%	–
Uniti Wireless Limited	Australia	100.00%	–
Uniti Broadband Limited	Australia	100.00%	–

Note 34. Events after the reporting period

The Company announced on the 19 August, the acquisition of LBNCo is subject to certain conditions precedent being met. In addition, the Company announced a fully underwritten Placement and Non-Renounceable Rights Issue to raise $100m to be used to fund the acquisition and on-going working capital requirements. No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Reconciliation of profit after income tax to net cash from operating activities

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Loss after income tax expense for the year	**(13,531)**	(4,801)
Adjustments for:		
Depreciation and amortisation	**5,753**	2,064
Impairment of Right of Use Assets	**1,407**	–
Loss on disposal of plant and equipment	**–**	93
Grant Receipt	**1,500**	–
Share-based payments	**3,311**	–
Non Cash Share Expense	**675**	–
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	**733**	(304)
(Increase)/Decrease in inventories	**1**	–
(Increase)/Decrease in deposits and prepayments	**(250)**	(155)
Increase/(Decrease) in trade and other payables	**830**	689
Increase/(Decrease) in employee benefits	**(229)**	–
Increase/(Decrease) in other provisions	**124**	190
Increase/(Decrease) in customer contract liability	**(70)**	174
Net cash from/(used in) operating activities	**254**	(2,050)

Note 36. Non-cash investing and financing activities

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Acquisition of Subsidiaries	**2,390**	–
Shares issued under employee share plan	**2,028**	–
Options issued under employee option plan	**1,283**	–
	5,701	–

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 37. Changes in liabilities arising from financing activities

CONSOLIDATED	OTHER LOANS $'000	SAFA LOAN $'000	BANK LOANS $'000	LEASE LIABILITY $'000	TOTAL $'000
Balance at 1 July 2017	–	–	256	4,903	5,159
Net cash from/(used in) financing and operating activities	151	–	(47)	(352)	(248)
Acquisition of Right Of Use Assets	–	–	–	4,202	4,202
Acquisition of plant and equipment by means of finance leases	–	–	–	162	162
Balance at 30 June 2018	151	–	209	8,915	9,275
Net cash from/(used in) financing and operating activities	(136)	2,460	(209)	(1,154)	961
Acquisition of Right of Use Assets	–	–	–	563	563
Revaluation of Right of Use Assets	–	–	–	(1,459)	(1,459)
Balance at 30 June 2019	15	2,460	–	6,865	9,340

Note 38. Earnings per share

	CONSOLIDATED	
	2019 $'000	2018 $'000
Loss after income tax	**(13,531)**	(4,801)
Loss after income tax attributable to the owners of Uniti Group Limited	**(13,531)**	(4,801)

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	**116,503,906**	39,925,501
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	**14,046,155**	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	**130,550,061**	39,925,501

On the 28th November 2018, Uniti Wireless processed a share split providing 15.1056 shares for every 1 share previously held. The 30 June 2018 shares used represent the shares on issue at the time adjusted for the share split for comparison.

	CENTS	CENTS
Basic (loss) per share	**(11.6)**	(12.0)
Diluted (loss) per share	**(10.4)**	(12.0)

Note 39. Share-based payments

On 26 October 2018, subject to listing and the acquisition of Fuzenet Pty Ltd, 8,112,154 shares were issued to key management personnel, with an issue price equal to the final IPO price and subject to maintaining employment, completing IPO and the acquisition of Fuzenet Pty Ltd. The IPO price was $0.25 per share and therefore a total transactional value of $2,028,038.

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

2019 GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
21/12/2018	30/06/2022	$0.250	–	3,441,520	–	(368,734)	3,072,786
21/12/2018	30/06/2023	$0.300	–	2,212,404	–	(368,734)	1,843,670
21/12/2018	30/06/2024	$0.375	–	2,212,404	–	(368,734)	1,843,670
13/02/2019	30/06/2022	$0.250	–	925,933	–	–	925,933
13/02/2019	30/06/2023	$0.3125	–	925,933	–	–	925,933
13/02/2019	30/06/2024	$0.375	–	925,933	–	–	925,933
13/03/2019	31/12/2022	$0.250	–	819,410	–	–	819,410
13/03/2019	30/06/2023	$0.300	–	819,410	–	–	819,410
13/03/2019	30/06/2024	$0.375	–	819,410	–	–	819,410
13/03/2019	30/06/2022	$0.170	–	200,000	–	–	200,000
13/03/2019	30/06/2023	$0.250	–	200,000	–	–	200,000
13/03/2019	30/06/2024	$0.300	–	200,000	–	–	200,000
13/03/2019	30/06/2025	$0.375	–	200,000	–	–	200,000
15/04/2019	31/03/2022	$0.560	–	330,000	–	–	330,000
15/04/2019	31/03/2023	$0.710	–	330,000	–	–	330,000
15/04/2019	31/03/2024	$0.860	–	590,000	–	–	590,000
			–	15,152,357	–	(1,106,202)	14,046,155

Weighted average exercise price	$0.341

Notes to the Financial Statements continued

for the year ended 30 June 2019

Note 39. Share-based payments continued

Set out below are the options exercisable, that vested at the end of the financial year:

GRANT DATE	EXPIRY DATE	2019 NUMBER	2018 NUMBER
21/12/2018	30/06/2022	**3,072,786**	–
13/02/2019	30/06/2022	**925,933**	–
		3,998,719	–

The weighted average share price during the financial year was $0.76 (2018: N/A).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.5 years (2018: N/A).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
21/12/2018	30/06/2022	$0.25	$0.250	77%	0.0%	2.01%	$0.1391
	30/06/2023	$0.25	$0.300	77%	0.0%	2.01%	$0.1442
	30/06/2024	$0.25	$0.375	77%	0.0%	2.01%	$0.1468
13/02/2019	30/06/2022	$0.25	$0.250	77%	0.0%	2.01%	$0.1276
	30/06/2023	$0.25	$0.313	77%	0.0%	2.01%	$0.1135
	30/06/2024	$0.25	$0.375	77%	0.0%	2.01%	$0.1020
06/08/2019 (1)	31/12/2022	$0.17	$0.170	77%	0.0%	0.77%	$1.0554
	30/06/2023	$0.17	$0.300	77%	0.0%	0.77%	$1.0373
	30/06/2024	$0.17	$0.375	77%	0.0%	0.77%	$1.0263
13/03/2019	30/06/2022	$0.17	$0.170	77%	0.0%	1.75%	$0.0901
	30/06/2023	$0.17	$0.250	77%	0.0%	1.75%	$0.0864
	30/06/2024	$0.17	$0.300	77%	0.0%	1.75%	$0.0905
	30/06/2025	$0.17	$0.375	77%	0.0%	1.75%	$0.0928
15/04/2019	30/03/2022	$0.65	$0.560	77%	0.0%	1.51%	$0.2722
	30/03/2023	$0.65	$0.710	77%	0.0%	1.51%	$0.2769
	30/03/2024	$0.65	$0.860	77%	0.0%	1.51%	$0.2854

(1) Shareholders ratified the options for Vaughan Bowen on 6 August 2019. The options were approved by the Board as part of Vaughan's remuneration package and announced on the 13 March 2019 at the time of appointment.

Directors' Declaration

for the year ended 30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Graeme Barclay
Chairman

30 August 2019
Sydney

Independent Auditor's Report

for the year ended 30 June 2019

HLB MANN JUDD

Independent Auditor's Report to the Members of Uniti Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Uniti Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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HLB MANN JUDD

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Note 1 and Note 4	
The Group's revenue from contracts with customers amounted to $14.34m during the year. Note 1 describes the accounting policies applicable to the Group's distinct revenue streams. The recognition of revenue and associated customer contract liabilities is considered a key audit matter due to the key judgements involved in determining the total transaction price, including the effects of bundled packages, discounts and the expected customer contract life.	Our procedures included, but were not limited to the following: • Assessing the design and effectiveness of internal controls relating to the recognition of revenue transactions. • Review of Group policies for revenue recognition and application thereof in accordance with AASB 15 Revenue from Contracts with Customers. • Performing a combination of tests of controls, substantive analytics and substantive test of details over revenue accounts. • Review and critical assessment of management estimates in relation to expected average customer retention and the related impact on revenue recognition. • Assessing the adequacy of the related disclosures within the financial statements.
Business Combinations Note 32	
During the year the Group acquired a 100% interest in the following: • Fuzenet Pty Ltd • Fone Dynamics Pty Ltd • Call Dynamics Pty Ltd As a result of the business combination transactions, the Group recognised goodwill of $13.45m. Business combinations is considered a key audit matter due to the significant judgement involved in the recognition and measurement of identifiable assets and liabilities at their fair value.	Our procedures included, but were not limited to the following: • Reading the sale and purchase agreements to understand the key terms and conditions. • Considering the Group's assessment of the application of AASB 3 Business Combinations. • Reviewing the provisional accounting entries associated with the business combinations. • Assessing the methodology applied to recognise the fair value of identifiable assets and liabilities and agreeing to supporting documentation. • Assessing the adequacy of the related disclosures within the financial statements .

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Independent Auditor's Report
for the year ended 30 June 2019

HLB MANN JUDD

Share Based Payments Note 39	
During the period, the Group issued shares and options to Directors and Employees. The Group have performed calculations to record the related share based payment expense in the statement of profit or loss and other comprehensive income. We considered this area to be a key audit matter due to the judgemental estimates used in determining the valuation of the share based payments.	Our procedures included, but were not limited to the following: • Reviewing and assessing the methodology used by the Group in valuing the Share Based Payments. • Reviewing and assessing the key assumptions used in the valuation of options issued during the period including the treatment of vesting conditions.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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Independent Auditor's Report

for the year ended 30 June 2019

HLB MANN JUDD

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 31 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Uniti Group Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
30 August 2019

Jon Colquhoun
Director

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Shareholder Information

30 June 2019

ASX Additional Shareholder Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below and was applicable as at 31 July 2019 (unless otherwise stated).

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES	ORDINARY SHARES
1 to 1,000	373	238,453
1,001 to 5,000	768	2,151,912
5,001 to 10,000	432	3,454,745
10,001 to 100,000	525	15,859,066
100,001 and over	135	94,897,059
	2,233	116,601,235
Holding less than a marketable parcel	64	

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted and unquoted ASX escrow equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Cornish Group Investments Pty Ltyd	13,500,000	9.178
Chash Nominees Pty Ltd <The Phoenix A/C>	8,229,010	5.595
Chash Nominees Pty Ltd <The Taliesin A/C>	8,211,010	5.582
Aust Executor Trustees Ltd <BIPETA>	4,800,000	3.263
Barbright Australia Pty Ltd <Interqurtz Super Fund A/C>	4,500,000	3.059
Luab Pty Ltd	3,687,342	2.507
Retrella Pty Ltd	3,500,000	2.379
HSBC Custody Nominees (Australia) Limited	3,274,315	2.226
Mr Vaughan Garfield Bowen < VG Bowen Family A/C>	3,187,726	2.167
Mt Jules Willem Johan Maussen <Maussen Family A/C>	3,157,500	2.147
Richmond Bridge Pty Ltd <Richmond Bridge A/C>	3,100,000	2.108
Mr Steven John Appleby	3,080,000	2.094
Capital Telecommunications Pty Ltd	2,794,608	1.900
Basslay Pty Limited <Barclay Family A/C>	2,458,228	1.671
Washington H Soul Pattinson and Company Limited	2,371,285	1.612
Astley Cottrell	2,039,253	1.386
National Nominees Ltd	1,942,470	1.321
Oaktone Nominees Pty Ltd <Grist Investment A/C>	1,897,690	1.290
Aust Executor Trustees Ltd <GFFD>	1,852,465	1.259
Marensa Pty Ltd <Stewart Super A/C>	1,700,000	1.156
	79,282,902	53.901

Shareholder Information continued

30 June 2019

Unquoted equity securities

	NUMBER OF HOLDERS OF OPTIONS	NUMBER OF OPTIONS	NUMBER OF HOLDERS OF ASX ESCROW SHARES	NUMBER OF SHARES
1 to 1,000	–	–	–	–
1,001 to 5,000	–	–	–	–
5,001 to 10,000	–	–	–	–
10,001 to 100,000	–	–	7	356,028
100,001 and over	9	14,046,155	17	30,132,993
	9	14,046,155	24	30,489,021

No individual holder holds more than 20% of the unquoted options

Chash Nominees Pty Ltd as trustee for the <The Phoenix Trust> and as trustee for the <The Taliesin Trust> holds more than 20% of the ASX Escrow shares.

Restricted Securities

The following securities have escrow restrictions applicable:

ORDINARY SECURITIES SUBJECT TO VOLUNTARY ESCROW	
Release at time of release of UWL Financial Results for June 19	13,622,506
Release 2 December 2019	489,050
Release 18 January 2020	6,278,030
Release 13 February 2020	10,287,342
Release 31 May 2020	489,050
Total	31,165,978

UNQUOTED SECURITIES SUBJECT TO ASX ESCROW (SHARES WILL BE QUOTED UPON RELEASE)	
Release 7 September 2019	2,871,429
Release 21 November 2019	1,800,000
Release 7 December 2019	471,429
Release 6 February 2020	703,135
Release 13 February 2021	24,643,028
Total	30,489,021

Substantial holders

Substantial holders in the company are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Cornish Group Investments Pty Ltd and Retrella Pty Ltd	17,000,000	11.557
Chash Nominees Pty Ltd as trustee for the <The Phoenix Trust> and as trustee for the <The Taliesin Trust>	16,440,020	11.177

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares including Voluntary and ASX Escrow shares

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

Options

Options have no voting rights.

There are no other classes of equity securities.

On Market Buy Back

There is no current on market buy back.

Use of Proceeds

In accordance with Listing Rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the period 13 February 2019 (date of listing) and 30 June 2019.

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Corporate Directory

Directors

Graeme Barclay

Kathy Gramp

John Lindsay

Vaughan Bowen

Michael Simmons

Company secretary

Peter Wildy

Notice of annual general meeting

The Uniti Group Limited Annual General Meeting will be held at 11am on Wednesday, 23 October 2019 at the offices of Lander & Rogers, Level 12, 600 Bourke Street, Melbourne VIC 3000.

Registered office

Level 1, 44 Currie Street
Adelaide SA 5000

Phone: 1300 847 201

Principal place of business

Level 1, 44 Currie Street
Adelaide SA 5000
Phone: 1300 847 201

Share register

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000

Phone: 1300 808 280

Auditor

HLB Mann Judd Audit (SA) Pty Ltd
169 Fullarton Road
Dulwich SA 5065

Stock exchange listing

Uniti Group Limited shares are listed on the Australian Securities Exchange (ASX code: UWL)

Website

www.unitiwireless.com

Corporate Governance Statement

https://investors.unitiwireless.com/governance/

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