ASX/Media Release **31 August 2016**

APPENDIX 4E – PRELIMINARY FINANCIAL RESULTS

HIGHLIGHTS FOR THE FY2016 INCLUDE:

- Revenue up 43%
- Underlying[1] EBITDA up significantly
- Successfully raised $2.6M and transitioned to Publicly Listed company
- Cash on hand $2.25M after investing $0.895M in fixed assets and infrastructure upgrades
- Recognised by PCMag as Australia's fastest ISP[2]
- Growth in new "Spirit" connected buildings up 33%

Review of Operations:

Spirit Telecom Limited today has announced its inaugural results as the listed Company of Spirit Telecom Limited ("the Company" or "Spirit"). The Appendix 4E reports a Net Loss after Tax of $2.14 million for the full year ended 30 June 2016 (FY16) which was impacted by costs associated with the reverse takeover of Arunta Resources Ltd.

During FY16 Spirit recorded a 43% growth in revenue to $8.84 million, with full year underlying EBITDA of $0.995 million. The Statutory Reported Loss for the period includes the financial impact of the non-cash reverse acquisition accounting together with acquisition costs totalling approximately $2.60 million.

The Company also adopted a change in Accounting Policy in respect of revenue recognition having a net negative impact on the operating results of approximately $277k.

These 'once-off' costs, coupled with the restructuring activity of transitioning to a public company and a decision to invest in order to leverage the market opportunity, resulted in a movement from an Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $995k to a Reported Net Loss before Tax of $2.858M.

The Underlying EBITDA is reconciled to the reported earning as detailed below. This reconciliation removes certain non-cash, non-operating and non-recurring items which would not ordinarily relate to the respective period's underlying performance.

	$M
Reported net Loss before tax	$2.858
Add Back:	
Listing expense	$1.913
Depreciation	$0.581
Interest	$0.149
Acquisition/float costs	$0.691
Change in accounting policy	$0.277
Restructure costs and investment in Dealer channels	$0.242
Total	$3.826
Underlying EBITDA	$0.995

[1] Spirit considers underlying EBITDA as more appropriate measure for a telecommunications business

[2] PCMag.com 25th August 2015

Spirit Telecom Limited
ABN 73 089 224 402
Level 2, 240 Chapel St, Prahran, VIC 3181

PO Box 377, Prahran, 3181
www.spirit.com.au | 1300 007 001

The FY16 period marked the conclusion of a significant change in the structure and governance of Spirit Telecom Limited and underpins the platform for growth over the coming financial period.

Whilst not evident in the statutory accounts, the growth in gross margin, over and above the relative growth in revenue, supports the boards expectations for growth across all the key financial metrics.

FY2017 outlook

Spirit is well placed to continue its recent growth trajectory in FY17 and is expected to generate more than a 30% increase in revenue. The increase use of the Spirit Air model of delivery will improve gross margins and provide overall better capital returns on top of the attractive margins already received from Fibre To The Basement model. Spirit is experiencing strong support from the key markets of Melbourne, Brisbane and Sydney and the SME market. As a result, the Board expects a significant uplift in earnings from the FY2016 underlying EBITDA. Spirit will also continue to review acquisition opportunities that meet its strategic plan and investment hurdle rates.

Background

Spirit Telecom (Australia) Pty Ltd commenced operation in 2005 and, via the group reorganisation of Arunta Resources Limited (ASX AJR), listed on the Australia Stock Exchange on 27 June 2016. Geoff Neate was one of the original founders of the business and is the current Managing Director ('MD').

The consolidated results reflect a full year of Spirit Telecom Limited and its controlled entities (formerly known as Arunta Resources Limited) plus Spirit Telecom Australia Pty Ltd from 1 July 2016. The comparative period reflects Spirit Telecom (Australia) Pty Ltd only.

For further information:

Geoff Neate,
Managing Director
03 8554 1320
geoffn@spirit.com.au

Spirit Telecom Limited
(Formerly known as Arunta Resources Limited)
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Spirit Telecom Limited
ABN:	73 089 224 402
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

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2. Results for announcement to the market

				$
Revenues from ordinary activities	up	43.5%	to	8,844,047
Loss from ordinary activities after tax attributable to the owners of Spirit Telecom Limited	up	1220.4%	to	(2,144,203)
Loss for the year attributable to the owners of Spirit Telecom Limited	up	1220.4%	to	(2,144,203)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Consolidated Entity after providing for income tax amounted to $2,144,203 (30 June 2015: $162,390).

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.28	0.02

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4. Control gained over entities

Name of entities (or group of entities)	Spirit Telecom (Australia) Pty Ltd
Date control gained	16 June 2016

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

On 16 June 2016 Spirit Telecom Ltd (formerly Arunta Resources Limited) (Company) acquired all the issued capital of Spirit Telecom (Australia) Pty Ltd, as approved by shareholders at the Company's general meeting held on 18 April 2016. The result of this transaction was a reverse acquisition of the Company by the vendors of Spirit Telecom (Australia) Pty Ltd.

For the purposes of this financial report of the Consolidated Entity comprising the Company and Spirit Telecom (Australia) Pty Ltd, the Company (Spirit Telecom Ltd) will be referred to as the legal parent entity and Spirit Telecom (Australia) Pty Ltd will be referred to as the accounting parent entity.

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5. Loss of control over entities

Name of entities (or group of entities)	Davenport Resources Pty Ltd
Date control lost	26 February 2016

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	-

During the financial year the legal parent entity disposed of it interests in Davenport Resources Pty Ltd. As the legal parent entity disposed of this interest before its reverse takeover by the accounting parent entity, Davenport Resources Pty Ltd did not form part of the Consolidated Entity.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are currently in the process of being audited.

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11. Attachments

Details of attachments (if any):

The Annual Report of Spirit Telecom Limited for the year ended 30 June 2016 is attached.

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12. Signed

Signed ______________________ Date: 31 August 2016

James Joughin
Non-Executive Chairman

Spirit Telecom Limited
(Formerly known as Arunta Resources Limited)
Contents
30 June 2016

Spirit Telecom Limited
(Formerly known as Arunta Resources Limited)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	6	8,844,047	6,163,568
Other income	7	11,441	-
Expenses			
Cost of sales		(4,138,781)	(3,277,438)
Administration		(4,827,540)	(2,651,534)
Arunta transaction fees		(244,500)	-
Listing expense on reverse acquisition	8	(1,912,963)	-
Selling		(212,299)	(154,711)
Marketing		(228,335)	(104,206)
Finance costs	9	(149,136)	(96,723)
Loss before income tax (expense)/benefit		(2,858,066)	(121,044)
Income tax (expense)/benefit	10	713,863	(41,346)
Loss after income tax (expense)/benefit for the year attributable to the owners of Spirit Telecom Limited	26	(2,144,203)	(162,390)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Spirit Telecom Limited		(2,144,203)	(162,390)
		Cents	**Cents**
Basic earnings per share	33	(0.35)	(0.03)
Diluted earnings per share	33	(0.35)	(0.03)

Refer to note 4 for detailed information on Restatement of comparatives.

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

Spirit Telecom Limited
(Formerly known as Arunta Resources Limited)
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	11	2,254,258	721,379
Trade and other receivables	12	835,794	728,732
Inventories	13	38,242	24,116
Other	14	42,391	-
Total current assets		3,170,685	1,474,227
Non-current assets			
Receivables	15	7,040	7,040
Property, plant and equipment	16	2,097,614	1,794,411
Intangibles	17	1,084,491	1,077,251
Deferred tax	18	1,141,704	427,841
Total non-current assets		4,330,849	3,306,543
Total assets		7,501,534	4,780,770
Liabilities			
Current liabilities			
Trade and other payables	19	1,645,696	969,284
Borrowings	20	61,899	79,531
Provisions	21	127,149	186,063
Total current liabilities		1,834,744	1,234,878
Non-current liabilities			
Borrowings	22	2,143,302	2,240,278
Provisions	23	117,430	93,339
Total non-current liabilities		2,260,732	2,333,617
Total liabilities		4,095,476	3,568,495
Net assets		3,406,058	1,212,275
Equity			
Issued capital	24	7,112,970	2,774,984
Reserves	25	6,196	6,196
Accumulated losses	26	(3,713,108)	(1,568,905)
Total equity		3,406,058	1,212,275

Refer to note 4 for detailed information on Restatement of comparatives.

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

Spirit Telecom Limited
(Formerly known as Arunta Resources Limited)
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2014	2,774,984	6,196	(1,406,515)	1,374,665
Loss after income tax expense for the year	-	-	(162,390)	(162,390)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(162,390)	(162,390)
Balance at 30 June 2015 (restated)	2,774,984	6,196	(1,568,905)	1,212,275

Refer to note 4 for detailed information on Restatement of comparatives.

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2015	2,774,984	6,196	(1,568,905)	1,212,275
Loss after income tax benefit for the year	-	-	(2,144,203)	(2,144,203)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,144,203)	(2,144,203)
Transactions with owners in their capacity as owners:				
Deemed value of AJR shares upon acquisition	1,878,517	-	-	1,878,517
Share issue by public offer	2,620,640	-	-	2,620,640
Capital raising costs	(161,171)	-	-	(161,171)
Balance at 30 June 2016	7,112,970	6,196	(3,713,108)	3,406,058

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

Spirit Telecom Limited
(Formerly known as Arunta Resources Limited)
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,834,042	6,492,091
Payments to suppliers and employees (inclusive of GST)		(8,726,050)	(4,865,263)
		107,992	1,626,828
Interest received		10,005	19,357
Interest and other finance costs paid		(149,136)	(87,912)
Net cash from/(used in) operating activities	31	(31,139)	1,558,273
Cash flows from investing activities			
Payments for property, plant and equipment	16	(867,547)	(1,760,003)
Payments for intangibles	17	(32,440)	(576,891)
Net proceeds of cash and loans from acquisition of business		4,536	-
Net cash used in investing activities		(895,451)	(2,336,894)
Cash flows from financing activities			
Proceeds from issue of shares	24	2,620,640	-
Proceeds from borrowings		-	1,500,000
Share issue transaction costs		(161,171)	-
Net cash from financing activities		2,459,469	1,500,000
Net increase in cash and cash equivalents		1,532,879	721,379
Cash and cash equivalents at the beginning of the financial year		721,379	-
Cash and cash equivalents at the end of the financial year	11	2,254,258	721,379

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

Note 1. General information

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

Spirit Telecom 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 4, 100 Albert Road South Melbourne, Victoria, 3205	2/240 Chapel Street Prahran, Victoria, 3181

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.

Note 2. 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, revised or amending Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

In accordance with Australian Accounting Standards, Spirit Telecom Limited has adopted AASB 118 for revenue recognition and for the purposes of comparability, has restated the impact of the change on the 2015 accounts.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
The preliminary final report has been prepared in accordance with the ASX Listing Rule 4.3A and has been derived from the unaudited consolidated annual financial report. The consolidated annual financial report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated annual financial report also complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated annual financial report is in the process of being audited. This preliminary final report does not include all the notes of the type normally included in a consolidated annual financial report. Accordingly, this report should be read in conjunction with any public announcements made by the Company during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

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

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 3.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Spirit Telecom Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Spirit Telecom 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.

Reverse asset acquisition

On 16 June 2016, Spirit Telecom Ltd (formerly Arunta Resources Limited) ("ST1") completed the acquisition of high-speed internet service provider Spirit Telecom (Australia) Pty Ltd ("STAPL") ("Acquisition"). The Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of STAPL (the legal subsidiary) obtained accounting control of ST1 (the legal parent).

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as the acquiree was deemed not to be a business for accounting purposes and, therefore, the transaction was not a business combination within the scope of AASB 3. Instead the Acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference between the fair value of the shares issued by the accounting acquirer (STAPL) and the fair value of the accounting acquiree's (ST1's) identifiable net assets represents a service received by STAPL, including payment for a service of an ASX stock exchange listing which will be expensed through the consolidated entity's profit and loss statement in the 2016 financial year.

Accordingly the consolidated financial report of ST1 has been prepared as a continuation of the business and operations of STAPL. As the deemed accounting acquirer STAPL has accounted for the acquisition from 16 June 2016. The comparative information for the 12 months ended 30 June 2015 presented in the financial report is that of STAPL. The impact of the reverse asset acquisition on each of the primary statements is as follows:

Consolidated statement of comprehensive income:

- The statement for the period ended 30 June 2016 comprises 12 months of operating results of STAPL and approximately one month of operating results of ST1 from the acquisition date of 16 June 2016.

- The statement for the period to 30 June 2015 comprises 12 months of operating results STAPL.

Consolidated statement of financial position:

- The consolidated statement of financial position at 30 June 2016 contains the assets and liabilities of STAPL and ST1 as at that date.

- The consolidated statement of financial position at 30 June 2015 represents the assets and liabilities of STAPL as at that date.

Statement of changes in equity:

- The consolidated statement of changes in equity for the period ended 30 June 2016 comprises the STAPL balance at 1 July 2015, its loss for the 12 months and transactions with equity holders for 12 months. It also comprises ST1 transactions with equity holders for the period from Acquisition to 30 June 2016 and the equity balances of STAPL and ST1 at 30 June 2016.

- The consolidated statement of changes in equity for the period ended 30 June 2015 comprises 12 months of STAPL's changes in equity.

Note 2. Significant accounting policies (continued)

Statement of cash flows:

- The consolidated cash flow statement for the period ended 30 June 2016 comprises the cash balance of STAPL, as at 1 July 2015, the cash transactions for the 12 months (12 months for STAPL and the period from Acquisition to 30 June 2016 for ST1 and the cash balance of STAPL and ST1 at 30 June 2016.

- The consolidated cash flow statement for the period ended 30 June 2015 comprises 12 months of ST1 cash transactions.

References throughout the financial statements to “reverse acquisition” or “reverse takeover” are in reference to the above-mentioned Acquisition and the accounting treatment described above.

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.

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'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised and measured at the fair value of the consideration received or receivable, after taking into account any trade discounts and volume rebates allowed, to the extent that it is probable that economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured.

Non-recurring revenue
Call charges, hardware sales and set-up charges are recognised in the period in which the service is delivered.

Recurring revenue
Internet access, equipment rentals and line rentals are recognised in the period in which the service is provided. Where Income for services is invoiced in advance, the amount is recorded as Unearned Income and recognition in the income statement is delayed until the service has been provided.

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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

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.

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.

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

Note 2. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Inventories
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.

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 commences from the time the asset is available for its intended use.

Leasehold improvements are depreciated over the shorter of either the period of the issue or the estimated useful lives of the improvements.

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

Building installations and switches	2 – 5 years
Custom installations	2 – 5 years
Plant, furniture and equipment	3 – 10 years
Computer Equipment	3 years
Leasehold improvements	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date to ensure it is not in excess of the assets recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

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

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

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

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Note 2. Significant accounting policies (continued)

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

Intangible assets
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 is recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Goodwill is subsequently measured at cost less any impairment losses.

Goodwill is subject to impairment testing when the directors consider that there is objective evidence the business has been impaired. Impairment losses are calculated based on the director’s assessment of the business’s recoverable amount. Recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Other Intangible Assets

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

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.

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.

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.

Non-accumulating sick leave is expensed to profit or loss when incurred.

Note 2. Significant accounting policies (continued)

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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.

Issued capital
Ordinary shares are classified as equity.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Spirit Telecom 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.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2016. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces 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 solely principal and interest. All other financial instrument assets are to be 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) in other comprehensive income ('OCI'). For financial liabilities, 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 will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under 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. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018. The impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have material impact on the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018. The impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have material impact on the consolidated entity.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

This standard:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117;
- requires new and different disclosures about leases.

The consolidated entity will adopt this standard from 1 January 2019. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 31 December 2019 includes:
- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet;
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities;
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses; and
- Operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

Note 3. 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.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

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

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 2. 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Restatement of comparatives

Spirit has adopted a change of revenue recognition policy that complies with AASB 118. In adopting this policy, the accounts prepared in 2015 have been adjusted to show the impact of the change on the prior year results. Spirit recognises Income in Advance as a liability on the Balance sheet and has matched expenses according to the recognition criteria as outline in the framework.

The result of the restatement was a reduction in earnings for 2015 of $34,856, and a reversal of the same amount 2016.

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	**2015 $ Reported**	**$ Adjustment**	**2015 $ Restated**
Revenue	6,511,449	(347,881)	6,163,568
Expenses			
Cost of sales	(3,590,463)	313,025	(3,277,438)
Loss before income tax expense	(86,188)	(34,856)	(121,044)
Income tax expense	(41,346)	-	(41,346)
Loss after income tax (expense)/benefit for the year attributable to the owners of Spirit Telecom Limited	(127,534)	(34,856)	(162,390)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Spirit Telecom Limited	(127,534)	(34,856)	(162,390)
	Cents Reported	**Cents Adjustment**	**Cents Restated**
Basic earnings per share	(0.02)	(0.01)	(0.03)
Diluted earnings per share	(0.02)	(0.01)	(0.03)

Note 4. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
Extract	**2015 $ Reported**	**$ Adjustment**	**2015 $ Restated**
Liabilities			
Current liabilities			
Trade and other payables	934,428	34,856	969,284
Total current liabilities	1,200,022	34,856	1,234,878
Total liabilities	3,533,639	34,856	3,568,495
Net assets	1,247,131	(34,856)	1,212,275
Equity			
Accumulated losses	(1,534,049)	(34,856)	(1,568,905)
Total equity	1,247,131	(34,856)	1,212,275

Note 5. Operating segments

Identification of reportable operating segments
The Consolidated Entity is organised into one operating segment, being the provision of high speed internet services in Australia.

Major customers
During the year ended 2016 there no individual customer's which accounted for 5% or more of sales.

Note 6. Revenue

	Consolidated	
	2016 $	**2015 $**
Sales revenue		
Sales revenue	8,834,042	6,144,210
Other revenue		
Interest	10,005	19,358
Revenue	8,844,047	6,163,568

Note 7. Other income

	Consolidated	
	2016 $	**2015 $**
Profit on sale of assets	11,441	-

Note 8. Listing expense on reverse acquisition

	Consolidated	
	2016	**2015**
	$	**$**
Listing expense	1,912,963	-

The steps for calculating the acquisition account items reflect the following rationale:

- Spirit Telecom (Australia) Pty Ltd ("STAPL") is deemed to make a share-based payment to acquire the existing shareholders' interest in the net assets of Spirit Telecom Ltd ("ST1") following the Acquisition;
- the total consideration deemed to be paid by STAPL at the Acquisition (by way of the share-based payment) is calculated as follows:
  - nature of deemed consideration – shares in STAPL;
  - value of ST1 share – cannot be determined as no active market for ST1 shares at time of acquisition;
  - therefore assess value of ST1 shares deemed to be issued by reference to the fair value of ST1 assets acquired;
  - fair value of ST1 assets acquired (number of ST1 shares on issue prior to Acquisition being 93,925,860 multiplied by the fair value of each ST1 share immediately prior to Acquisition being $0.02 (2 cents).

As the shares of ST1were not being traded at the time of the Acquisition (the shares were suspended pending the outcome of the transaction) there was no active market for those shares. Accordingly the fair value of the shares was determined as 2 cents per share, this being the price at which ST1 shares had been issued pursuant to the Prospectus, which was the last transaction for ST1 shares immediately prior to the Acquisition.

The total consideration deemed to be paid by STAPL was then compared to the net assets of ST1 at the Acquisition, as calculated below. The excess of the consideration paid over the value of the net assets of ST1 is expensed as a listing fee in the consolidated statement of profit or loss and other comprehensive income.

	Consolidated	
	2016	**2015**
Calculation of listing expense on reverse acquisition		
Deemed fair value of consideration shares paid on acquisition (93,925,860 fully paid ordinary shares @ $0.02 (2 cents))	1,878,517	-
Cash and cash equivalents	(4,536)	-
Trade and other receivables	(59,225)	-
Trade and other payables	98,207	-
Listing expense recognised on reverse acquisition	1,912,963	-

Note 9. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	5,062	-
Plant and equipment	543,915	217,337
Motor vehicles	10,099	16,027
Furniture and fixtures	16,708	-
Total depreciation	575,784	233,364
Amortisation		
Software	5,114	-
Total depreciation and amortisation	580,898	233,364
Finance costs		
Interest and finance charges paid/payable	149,136	96,723
Rental expense relating to operating leases		
Minimum lease payments	-	48,835
Superannuation expense		
Defined contribution superannuation expense	157,316	99,708
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	1,702,567	1,094,904

Note 10. Income tax expense/(benefit)

	Consolidated 2016 $	Consolidated 2015 $
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(2,858,066)	(121,044)
Tax at the statutory tax rate of 30%	(857,420)	(36,313)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Listing expense on reverse acquisition	213,336	-
Origination and reversal of temporary differences	35,922	-
Losses not previously recognised	(105,701)	77,659
Income tax expense/(benefit)	(713,863)	41,346

Note 11. Current assets - cash and cash equivalents

	Consolidated	
	2016	2015
	$	$
Cash at bank	1,504,258	721,379
Cash on deposit	750,000	-
	2,254,258	721,379

Note 12. Current assets - trade and other receivables

	Consolidated	
	2016	2015
	$	$
Trade receivables	858,589	655,764
Less: Provision for impairment of receivables	(87,638)	-
	770,951	655,764
Other receivables	27,529	72,968
GST receivable	37,314	-
	835,794	728,732

Impairment of receivables
The Consolidated Entity has recognised a loss of $87,638 (2015: $72,206) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2016	2015
	$	$
0 to 3 months overdue	34,433	-
3 to 6 months overdue	12,111	-
Over 6 months overdue	41,094	-
	87,638	-

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2016	2015
	$	$
Additional provisions recognised	87,638	-

Note 13. Current assets - inventories

	Consolidated	
	2016	2015
	$	$
Stock on hand - at cost	38,242	24,116

Note 14. Current assets - other

	Consolidated 2016 $	Consolidated 2015 $
Prepayments	42,391	-

Note 15. Non-current assets - receivables

	Consolidated 2016 $	Consolidated 2015 $
Other receivables	7,040	7,040

Note 16. Non-current assets - property, plant and equipment

	Consolidated 2016 $	Consolidated 2015 $
Leasehold improvements - at cost	10,736	9,886
Less: Accumulated depreciation	(5,063)	(1)
	5,673	9,885
Plant and equipment - at cost	308,548	308,548
Less: Accumulated depreciation	(196,947)	(136,291)
	111,601	172,257
Motor vehicles - at cost	51,174	109,290
Less: Accumulated depreciation	(19,352)	(61,208)
	31,822	48,082
Furniture & Fixtures at Cost	83,361	61,985
Less: Accumulated depreciation	(56,818)	(37,487)
	26,543	24,498
Other plant and equipment at Cost	2,714,473	1,850,757
Less: Accumulated depreciation	(792,498)	(311,068)
	1,921,975	1,539,689
	2,097,614	1,794,411

Note 16. Non-current assets - property, plant and equipment (continued)

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 $	Plant and equipment $	Motor vehicles $	Furniture & Fixtures $	Plant and equipment - other $	Total $
Balance at 1 July 2014	-	62,279	64,109	19,474	121,910	267,772
Additions	9,886	167,333	-	8,588	1,574,196	1,760,003
Depreciation expense	(1)	(57,355)	(16,027)	(3,564)	(156,417)	(233,364)
Balance at 30 June 2015	9,885	172,257	48,082	24,498	1,539,689	1,794,411
Additions	850	-	24,101	21,376	863,716	910,043
Disposals	-	-	(31,056)	-	-	(31,056)
Depreciation expense	(5,062)	(60,656)	(9,305)	(19,331)	(481,430)	(575,784)
Balance at 30 June 2016	5,673	111,601	31,822	26,543	1,921,975	2,097,614

Note 17. Non-current assets - intangibles

	Consolidated 2016 $	Consolidated 2015 $
Goodwill - at cost	480,274	500,360
Software - at cost	32,440	-
Less: Accumulated amortisation	(5,114)	-
	27,326	-
Other intangible assets - at cost	576,891	576,891
	1,084,491	1,077,251

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

Consolidated	Goodwill at cost $	Other intangibles at cost $	Software at cost $	Total $
Balance at 1 July 2014	500,360	576,891	-	1,077,251
Balance at 30 June 2015	500,360	576,891	-	1,077,251
Additions	-	-	32,440	32,440
Revaluation decrements	(20,086)	-	-	(20,086)
Amortisation expense	-	-	(5,114)	(5,114)
Balance at 30 June 2016	480,274	576,891	27,326	1,084,491

Note 18. Non-current assets - deferred tax

	Consolidated 2016 $	Consolidated 2015 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	1,141,704	427,841
Deferred tax asset	1,141,704	427,841

Note 19. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	581,382	468,203
Unearned revenue	554,179	382,669
Other payables	510,135	118,412
	1,645,696	969,284

Note 20. Current liabilities - borrowings

	Consolidated 2016 $	Consolidated 2015 $
Hire purchase	61,899	79,531

Note 21. Current liabilities - provisions

	Consolidated 2016 $	Consolidated 2015 $
Annual leave	127,149	186,063

Note 22. Non-current liabilities - borrowings

	Consolidated 2016 $	Consolidated 2015 $
Bank loans	1,500,000	1,500,000
Loans - unsecured	575,000	575,000
Hire purchase	68,302	165,278
	2,143,302	2,240,278

Note 22. Non-current liabilities - borrowings (continued)

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

	Consolidated 2016 $	Consolidated 2015 $
Bank loans	1,500,000	1,500,000
Loans - unsecured	575,000	575,000
Hire purchase	130,201	244,809
	2,205,201	2,319,809

Assets pledged as security
The bank loan of $1,500,000 are secured first over the assets and undertakings of Spirit Telecom (Australia) Pty Ltd, and Spirit Telecom Limited.

Note 23. Non-current liabilities - provisions

	Consolidated 2016 $	Consolidated 2015 $
Long service leave	117,430	93,339

Note 24. Equity - issued capital

	Consolidated 2016 Shares	Consolidated 2015 Shares	Consolidated 2016 $	Consolidated 2015 $
Ordinary shares - fully paid	836,207,860	1,214,934	7,112,970	2,774,984

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2014	1,214,934		2,774,984
Balance	30 June 2015	1,214,934		2,774,984
Elimination of issued shares of STA at acquisition	16 June 2016	(1,214,934)	$0.000	-
Existing AJR shares at acquisition of AJR by STA	16 June 2016	93,925,860	$0.000	-
Issue of shares to vendor of STA as consideration for acquisition of STA	16 June 2016	611,250,000	$0.000	-
Deemed value of shares deemed to be issued to existing shareholders of AJR upon reverse acquisition	16 June 2016	-	$0.000	1,878,517
Shares issued via Public Offer	16 June 2016	131,032,000	$0.020	2,620,640
Share issue costs				(161,171)
Balance	30 June 2016	836,207,860		7,112,970

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.

Note 24. Equity - issued capital (continued)

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.

Share buy-back
There is no current on-market share buy-back.

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 would 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. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Note 25. Equity - reserves

	Consolidated	
	2016 $	2015 $
Capital reserve	6,196	6,196

Note 26. Equity - accumulated losses

	Consolidated	
	2016 $	2015 $
Accumulated losses at the beginning of the financial year	(1,568,905)	(1,406,515)
Loss after income tax (expense)/benefit for the year	(2,144,203)	(162,390)
Accumulated losses at the end of the financial year	(3,713,108)	(1,568,905)

Note 27. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 28. Contingent liabilities

There were no contingent liabilities at 30 June 2016 and 30 June 2015.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Spirit Telecom (Australia) Pty Ltd (acquired 16 June 2016)	Australia	100.00%	-

For the purposes of this note the parent entity has been deemed as the legal parent entity Spirit Telecom Limited.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 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 31. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax (expense)/benefit for the year	(2,144,203)	(162,390)
Adjustments for:		
Depreciation and amortisation	580,898	233,364
Listing expense on reverse acquisition	1,912,963	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(107,062)	(147,163)
Increase in inventories	(14,126)	(24,116)
Decrease/(increase) in deferred tax assets	(713,863)	41,346
Increase in prepayments	(42,391)	-
Increase in trade and other payables	646,076	557,091
Increase/(decrease) in employee benefits	(34,823)	33,234
Increase/(decrease) in other provisions	(114,608)	1,026,907
Net cash from/(used in) operating activities	(31,139)	1,558,273

Note 32. Non-cash investing and financing activities

On 16 June 2016, the Company completed the reverse acquisition of Spirit Telecom (Australia) Pty Ltd ("STAPL") in which the legal parent entity (Spirit Telecom Ltd) ("ST1") issued a total of 611,250,000 fully paid ordinary shares to the vendors of STAPL as approved by shareholders at the general meeting held on 18 April 2016.

Note 33. Earnings per share

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the period ended 30 June 2016 has been calculated as the weighted average number of ordinary shares of Spirit Telecom (Australia) Pty Ltd outstanding during the period before acquisition multiplied by the exchange ratio established in the acquisition accounting, and the actual number of ordinary shares of Spirit Telecom Ltd outstanding during the period after acquisition.

Note 33. Earnings per share (continued)

	Consolidated	
	2016	2015
	$	$
Loss after income tax attributable to the owners of Spirit Telecom Limited	(2,144,203)	(162,390)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	619,854,945	611,250,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	619,854,945	611,250,000
	Cents	**Cents**
Basic earnings per share	(0.35)	(0.03)
Diluted earnings per share	(0.35)	(0.03)