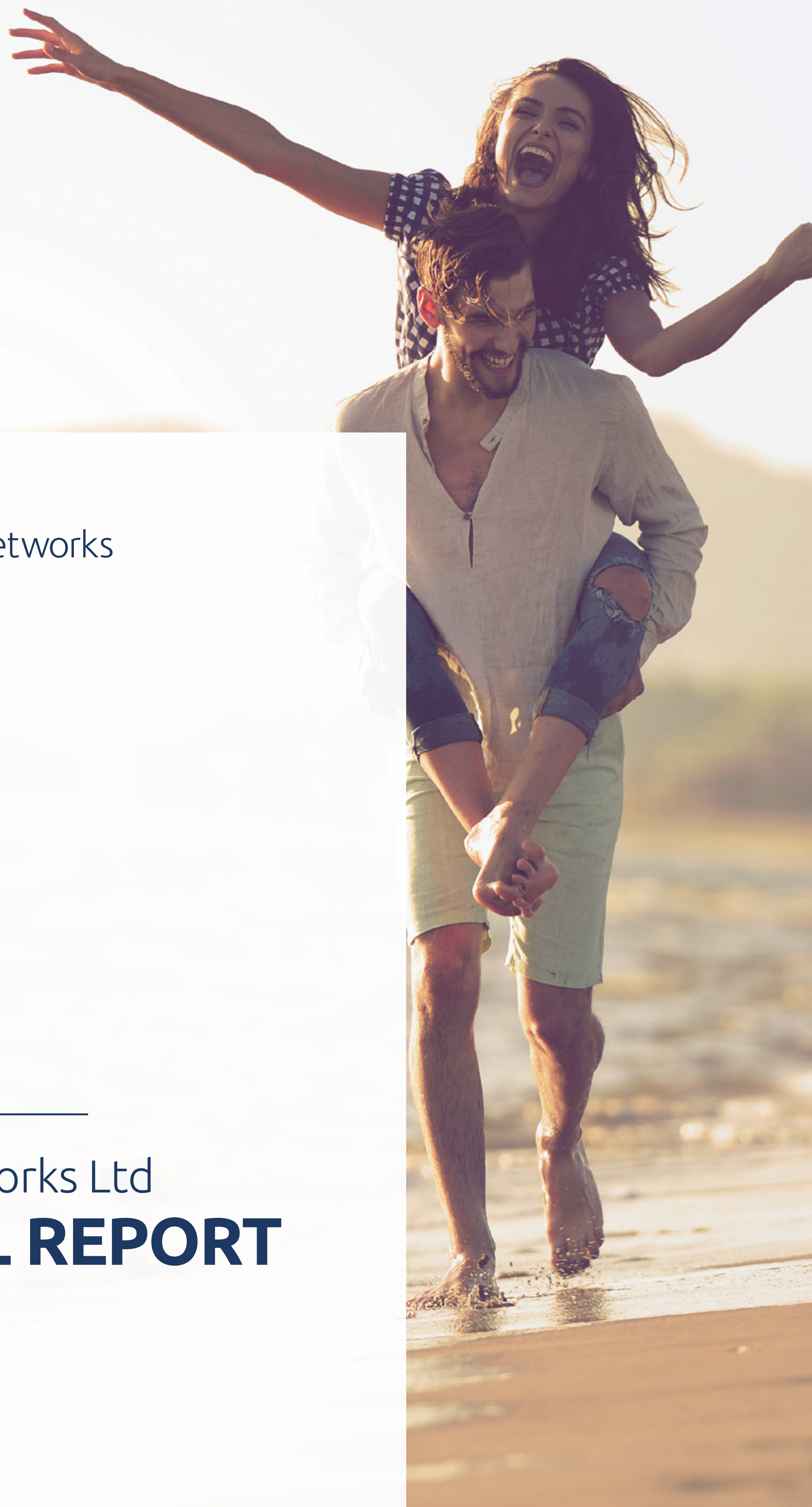


United Networks

30 June 2018

United Networks Ltd

ANNUAL REPORT

ASX: UNL
ABN: 60 607 921 246

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Anthony Ghattas - Non-Executive Chairman

Nicholas Ghattas - Chief Executive Officer

Charbel Nader - Non-Executive Director

COMPANY SECRETARY

Michael Potts

NOTICE OF ANNUAL GENERAL MEETING

The details of the annual general meeting of United Networks Limited are:

Level 2, 100 William Street

Woolloomooloo

NSW 2011

11.00 am on Monday, 26 November 2018

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 201, Level 2

100 William Street

Woolloomooloo

NSW 2011

Phone: (02) 9003 9573

SHARE REGISTRY

Advanced Share Registry Services

110 Stirling Highway

Nedlands

WA 6009

Phone: (08) 9389 8033

AUDITORS

Rothsay Chartered Accountants

Level 1, 12 O'Connell Street

Sydney, NSW 2000

SOLICITORS

Sekel Grinberg Judd Lawyers

Level 8 - Currency House

23 Hunter Street

Sydney, NSW 2000

BANKERS

National Australia Bank

85-95 Marrickville Rd

Marrickville, NSW 2204

Westpac Banking Corporation

425 Victoria Ave

Chatswood, NSW 2067

SECURITIES EXCHANGE LISTING

United Networks Limited shares are listed on the Australian Securities Exchange

(ASX Code : UNL)

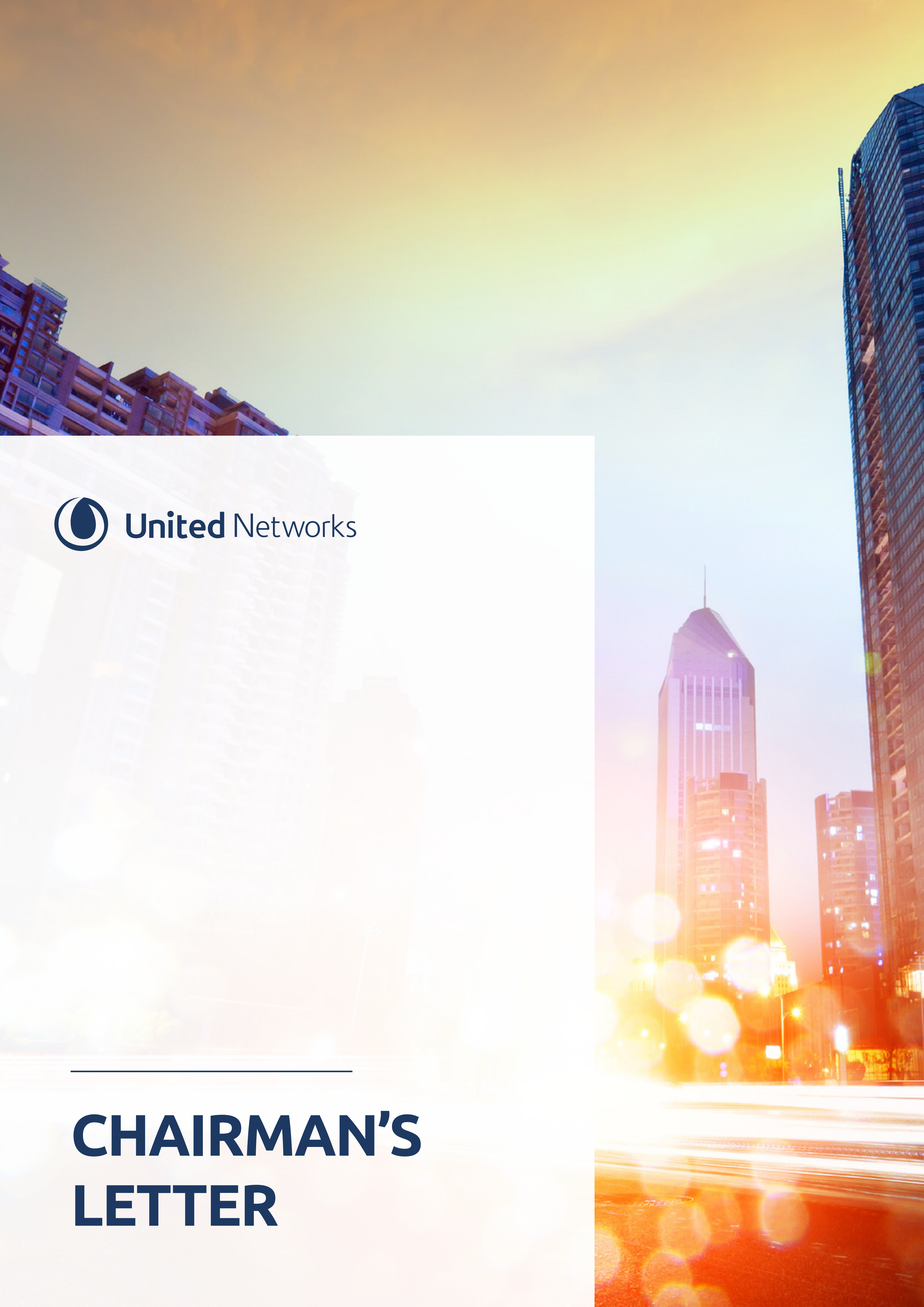
WEBSITE

www.unitednetworks.net.au

Corporate Governance Statement

www.unitednetworks.net.au/investors#corporateGovernance

This annual report is for United Networks Limited and its controlled entities. Unless otherwise stated, all amounts are presented in $AUD



United Networks

CHAIRMAN'S LETTER

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Directors of United Networks Limited (UNL, United, or the Company), it is my pleasure to welcome you as a shareholder of the Company. This year has been a challenging year for our business, including the loss of a major client and realigning our priorities to expand upon some new opportunities in the growing value add Insurtech market.

The management team has worked hard resizing and reshaping the business whilst still maintaining the focus on the growing our client base internationally. We are seeing the results of this work with a growing client pipeline and the on-boarding this year of two new global insurance companies.

With these customers, we launched two new products. The first is the global Flight Delay insurance and the second, claimless insurance payment solutions. These new products move the company closer to the core revenue generation of our clients and provides us with opportunities to access new transactional revenue streams collected from insurance premiums.

Over the last year, we also invested in expanding what we call the "United Trust" platform to transform it into a complete Customer Engagement Ecosystem. The United "Trust" platform supports our connectivity solutions as well as a number of our value-add products and unique Insuretech solutions including;

- Proactive SOS Alerts
- Flight Delay Insurance
- Luggage Tracker
- Claimless insurance payment solution
- Duty of Care solution

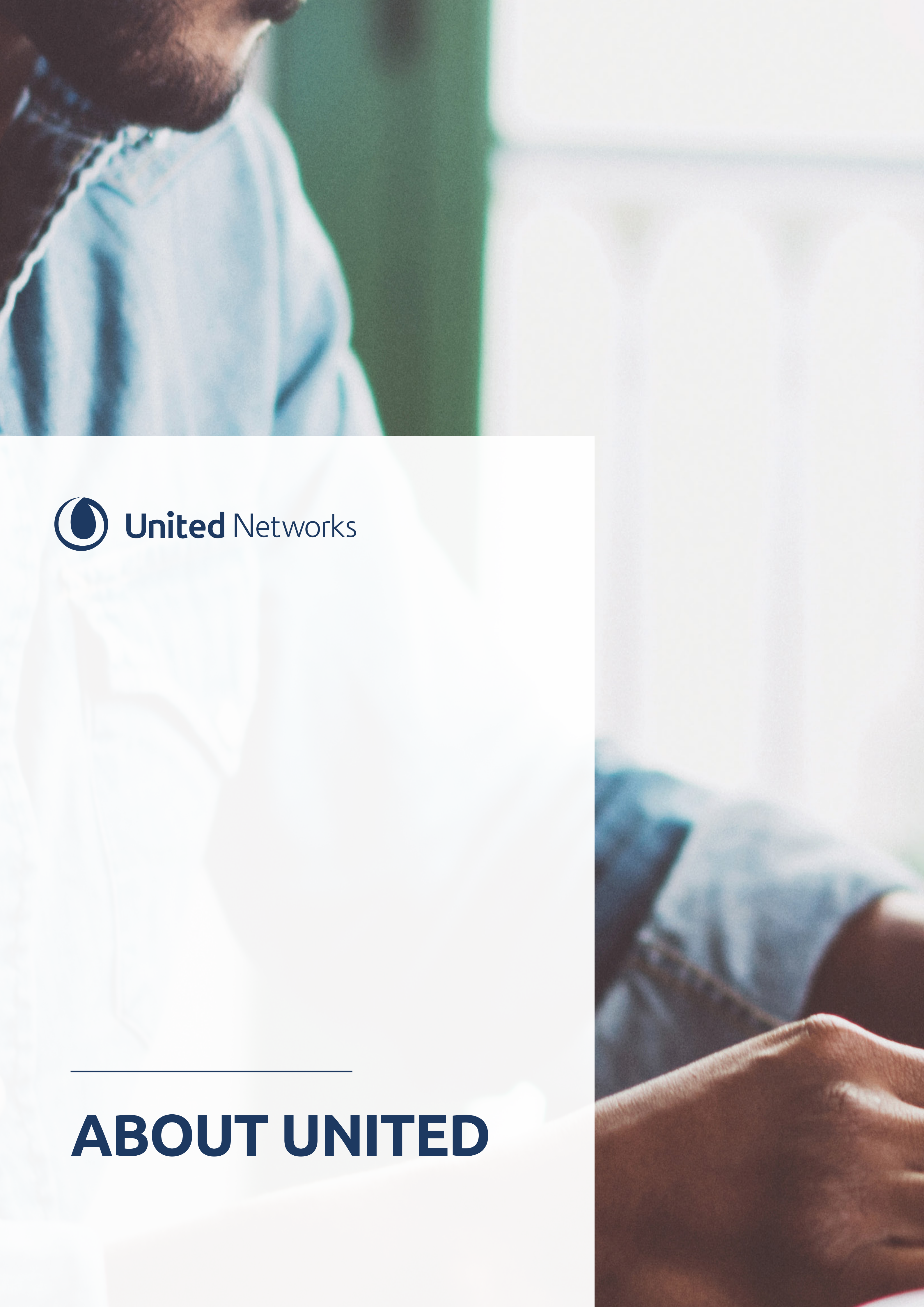
Whilst in the early stages, we are experiencing encouraging customer take-up rates. This combined with the recent launch of eSIM and dual SIM phones, provides us with a more attractive platform offering. Our platform now offers a full suite of connectivity, engagement and payment solutions and is available in over 200+ countries.

The take up rates for these solutions is beginning to build as we navigate the regulatory environment associated with the industry and the global nature of the companies with which we partner. We are starting to gain traction and generate revenues.

Looking ahead, we believe your Company has a good customer pipeline which we expect to deliver further upside over the coming year. Our focus is to grow revenue whilst continuing to improve the overall profitability of the company.

I would also like to take this opportunity to thank you, our shareholders, for your encouragement, support and ongoing commitment to United. Thanks also to all team members of United for their hard work during the period. I look forward to updating you as United continues to grow and disrupt the Insurtech market with its innovations and technology.

Anthony Ghattas
Non-Executive Chairman



United Networks

ABOUT UNITED

ABOUT UNITED NETWORKS LIMITED

Over the last two financial years United has evolved from a connectivity solutions provider to a global engagement and value-add Insurtech platform for the insurance and travel industry. The United Trust platform, which was further commercialised over the 2018 financial year, has allowed the Company's insurance and travel partners to increase their engagement and product conversion rates with their customers. United is now well positioned to capitalise on its successful entrance into this global growth sector.

The realignment of strategy from a business based in a commoditised telecommunications connectivity offering to one where the company can deliver unique high value-add Insurtech solutions to customers provides the opportunity to deliver significant value to shareholders over time.

United's previous investment in telecommunications was designed around harnessing the ongoing commoditisation and movement towards data.

The investment we made to improve the platform has resulted in enhanced customer connectivity experiences which has lead to higher customer engagement. We're utilizing the strong customer engagement to create new revenues from Insuretech services.

The Company has started to commercialise the platform and examples include: -

1. Flight delay insurance which leverages the power of data and company's payments platform to provide a claimless insurance process and allows United to share in premiums.
2. SOS Alerts where connectivity and data are providing clients with both pro-active and risk management alerts based on location data where United earns fees for connectivity and messaging.
3. Wi-Fi hotspots provide unlimited data for free, or at very low cost, enhancing customer engagement which results in a stronger relationship between United and its insurance company clients while also providing revenue for connectivity.

"

Insurtech Solutions

validation of the Trust Platform

"

THE TRUST PLATFORM NOW POWERS A SUITE OF SOLUTION

SYSTEMS DEVELOPMENT

As the company progresses into 2019 we expect to convert the growing customer pipeline, utlising the existing suite of products. Whilst United continues to develop the new Insurtech offerings the focus is on monetising the existing customer base through greater geographic expansion throughout Asia Pacific and beyond. This focus should drive growth in revenue and improvement in earnings.

The platform was designed to scale easily, both in volume of connected customers as well as geographical areas. With the launch of the new e-Sim and dual SIM phones the company is now well positioned to continue to utilise the Global SIM investment to add to the growing Wi-Fi network which will provide a better connectivity experience for customers.

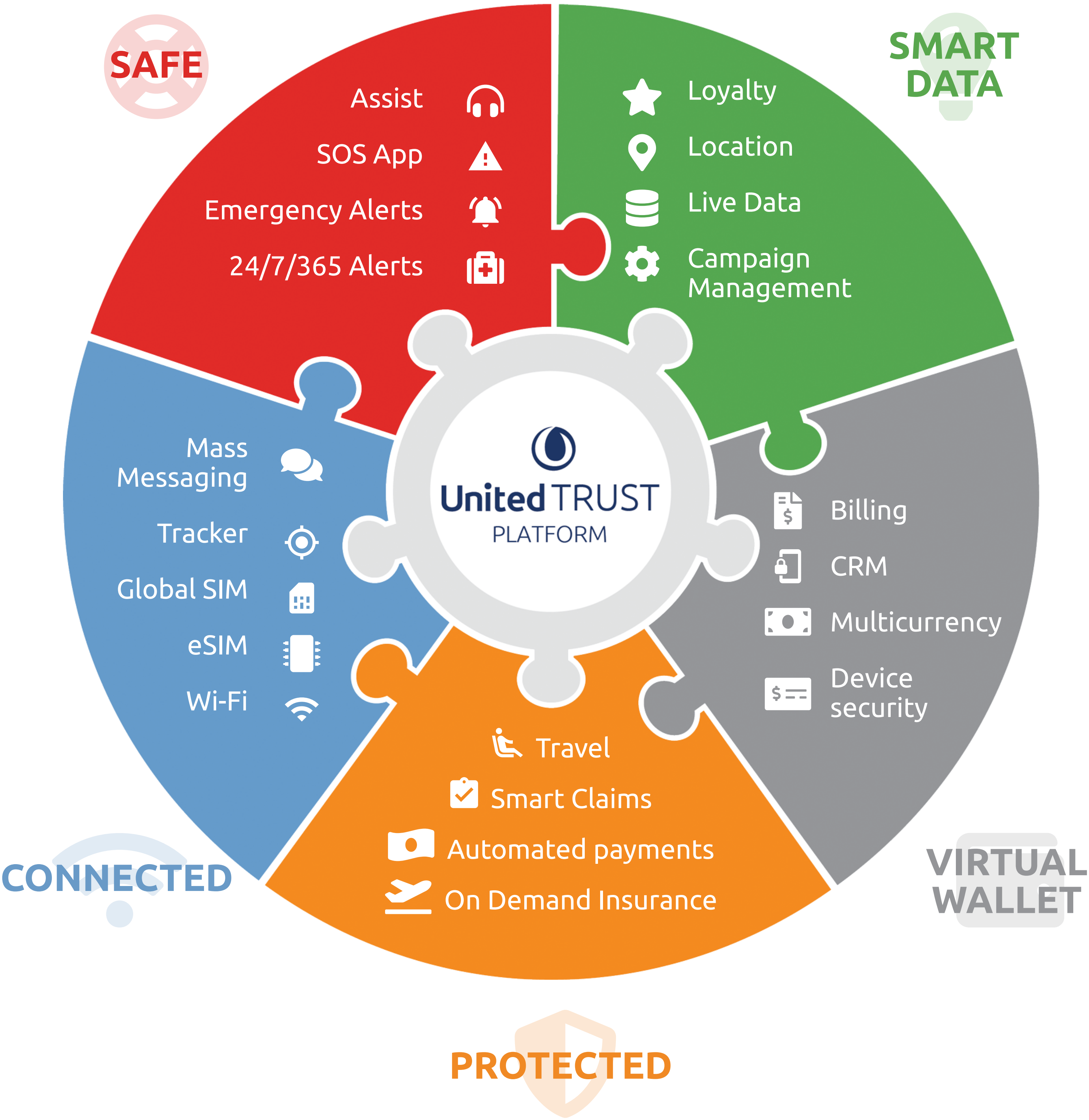
Whilst in FY18, the company wrote down the goodwill related to Global SIM acquistion off due to the loss of a major client, United still believe that value can be further extracted from the cellular connectivity platform and existing agreements with evolution of new dual SIM and eSim devices.

Since the release of new Insurtech solutions, United has experienced a significant increase in enquiries resulting in a strong & growing business pipeline. We expect growth to come from both exciting clients and new clients we are looking to secure. Management is focused on securing high recurring revenue partners and increasing the customer base over the 2019 financial year.

The company is looking forward to continuing to expand the reach of its solutions to deliver results and value for shareholders over the medium term.

> *Customer engagement reinvented*

CUSTOMER ENGAGEMENT REINVENTED.
ON DEMAND INSURTECH



PERFORMANCE & OPERATIONS SUMMARY

PERFORMANCE SUMMARY

The 2018 financial year was pivotal in meeting United's strategic objectives and evolution of the company from connectivity to Insurtech. Sales were challenged by the loss of a major insurance client and the gestation time taken to launch new Insurtech solutions technology to United insurance clients.

Whilst the company did not achieve targeted sales in the period, results are being achieved through the increased engagement and product adoption with customers which over the medium term will drive value.

Revenue for the financial year 2018 was down 57.2% to $2,668,385 primarily as result of the decreased volume in the Global SIM business. United expanded its offering in the year to allow for bundled Wi-Fi and Global SIM solutions. The direct business has grown significantly over the year offsetting some of the lost business. Subsequent to year end, all of the registered customers of the previous insurer have been transferred to become direct customers of United allowing the company to offer all of its solutions directly to those customers.

By year end the total direct customer database had grown to over 481,000, with the "App" active paid subscriber database growing by 346% over the year.

The group reported a Statutory loss after tax for the year of $19,268,609 following a goodwill impairment of $16,016,577 as a result of the cancellation of the Covermore contract during the year and decreases in Global SIM Sales.

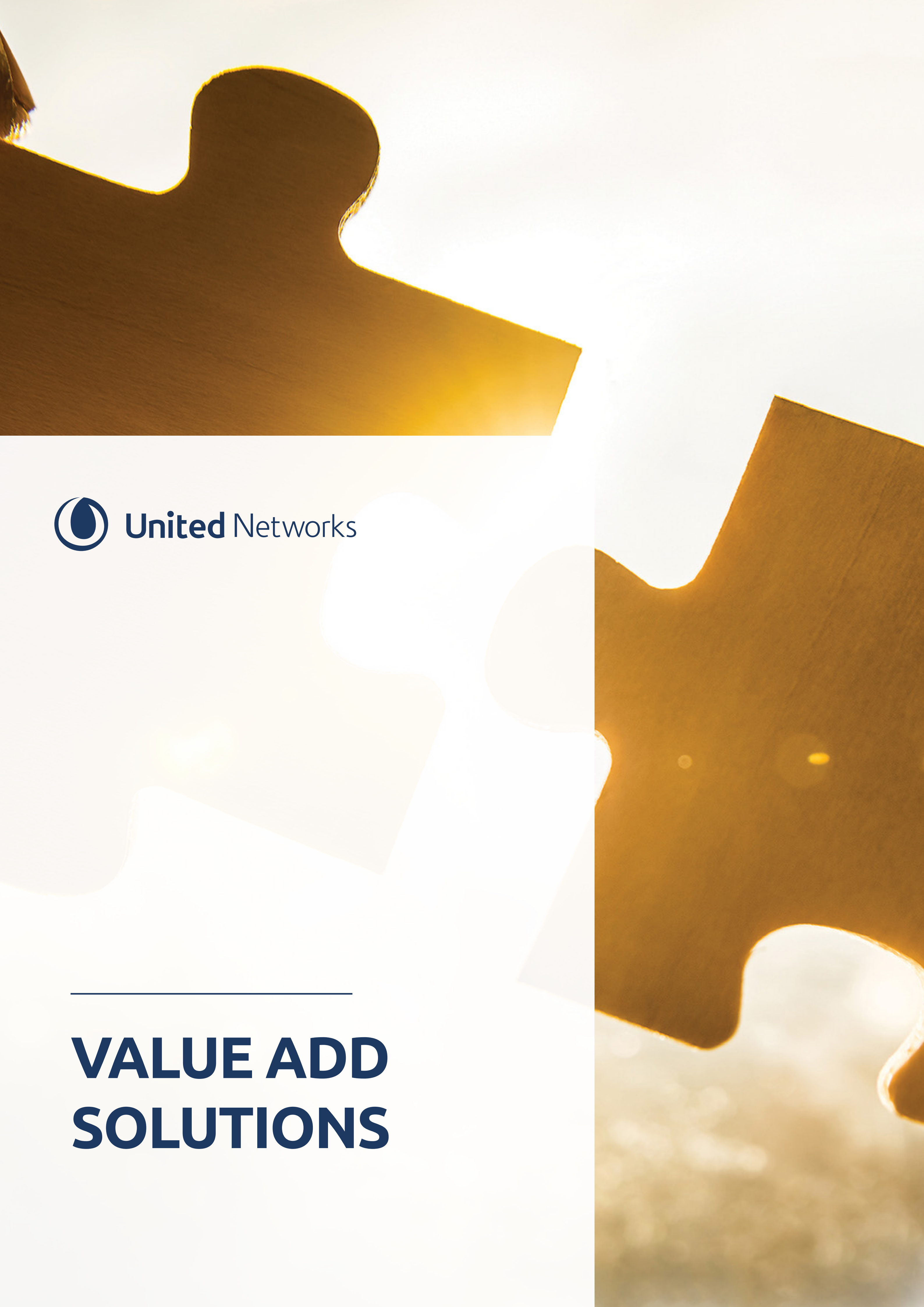
The group generated a net underlying operating loss of $2,833,090 for the year.

OPERATIONAL HIGHLIGHTS

As stated, during the year, United successfully expanded its product offerings from a focus on telecommunications to the commercialisation of value add Insuretech solutions. The group is now well positioned to capitalise on its successful entrance into this global growth sector.

Some of the highlights over the 12 months to June 2018, include;

- Going live in January 2018 with its global SOS 24/7 emergency alerts platform with one of the world's largest insurers Chubb in the APAC region
- Signed with a second global insurance company AIG and went live in Asia Pacific region in August 2018
- Secured and launched new SIM and Wi-Fi clients in FY18 including the Group's first "Internet of Things" partner
- Became an authorised representative of Chubb Insurance Australia, to allow for the sale of insurance products
- Released the Insuretech Flight Delay Insurance product in August 2018 operated from the Group's unique "Trust" platform
- Increased Wi-Fi hotspots in conjunction with connectivity partners from 63+ million hotspots to 67+ million hotspots
- Annualised reductions of $1.5 million overheads costs have been implemented throughout the year to align to current revenues.



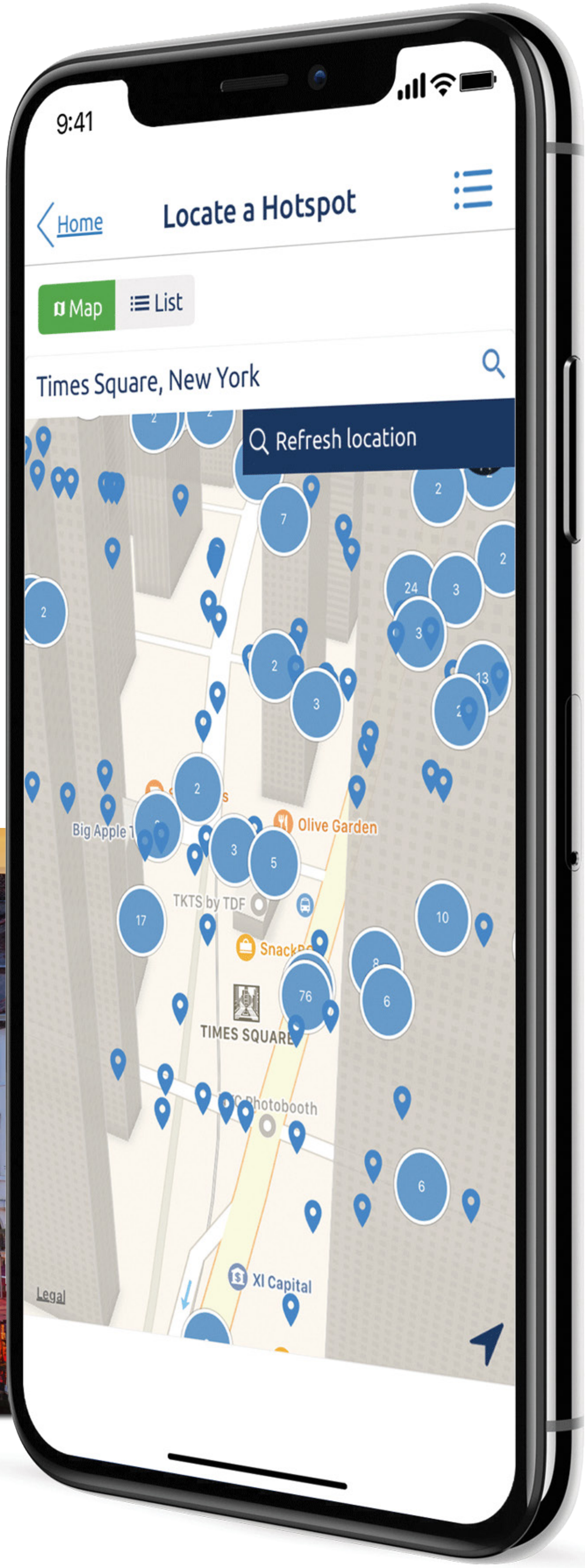
VALUE ADD SOLUTIONS

UNITED CONNECTIVITY

The United Connectivity solutions continues to be the largest contributor to turnover. It is anticipated the platform and transactional fees will contribute to growth of the business over the next financial year.

United customers continued to significantly increase data usage over the year with the introductions of Wi-Fi and Global SIM bundles.

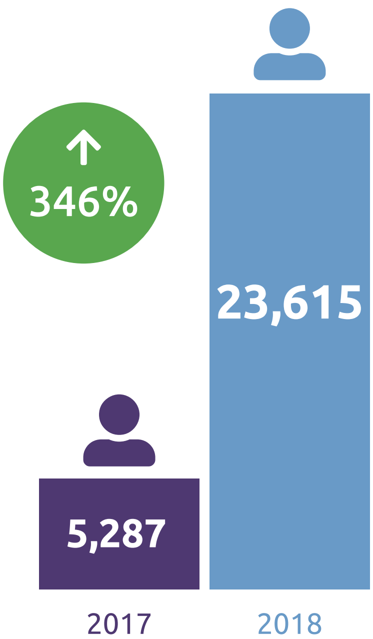
The total use of data across the platform increased with average global SIM data usage being 71% higher than last corresponding year. Data as percentage of all usage has increased to beyond 80% of all global SIM and Wi-Fi sales and is expected to increase for connectivity services again over the next financial year.

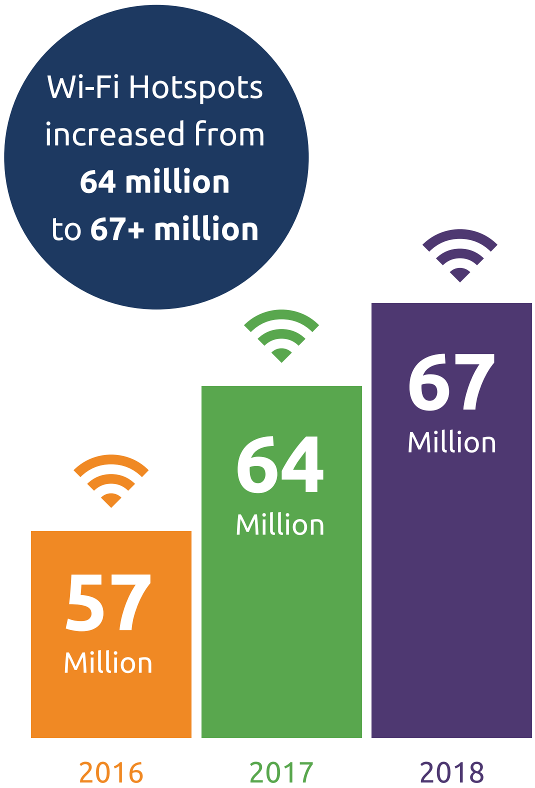


FY 2018 KEY CONNECTIVITY METRICS

- Total Wifi database 23,615 active paid customers increase of 346% compared to FY17
- Total SIM Orders 30,928
- Average Revenue per SIM was maintained above $84 per SIM
- Average data downloaded on SIM 0.4Gb increased 71% on FY17

WI-FI USERS





The United "App" is a modular app that now delivers multiple connectivity, engagement and payment solutions into the one app.

United is making ready its platform for e-sim connectivity which we expect to be available in 2019, subject to device manufactures scheduling and approval.

TRAVEL SMARTER.

Available in 180+ countries

Single Sign on

67+ Million Wi-Fi Hotspots

Unlimited Wi-Fi Connectivity

GLOBAL SOS ALERTS

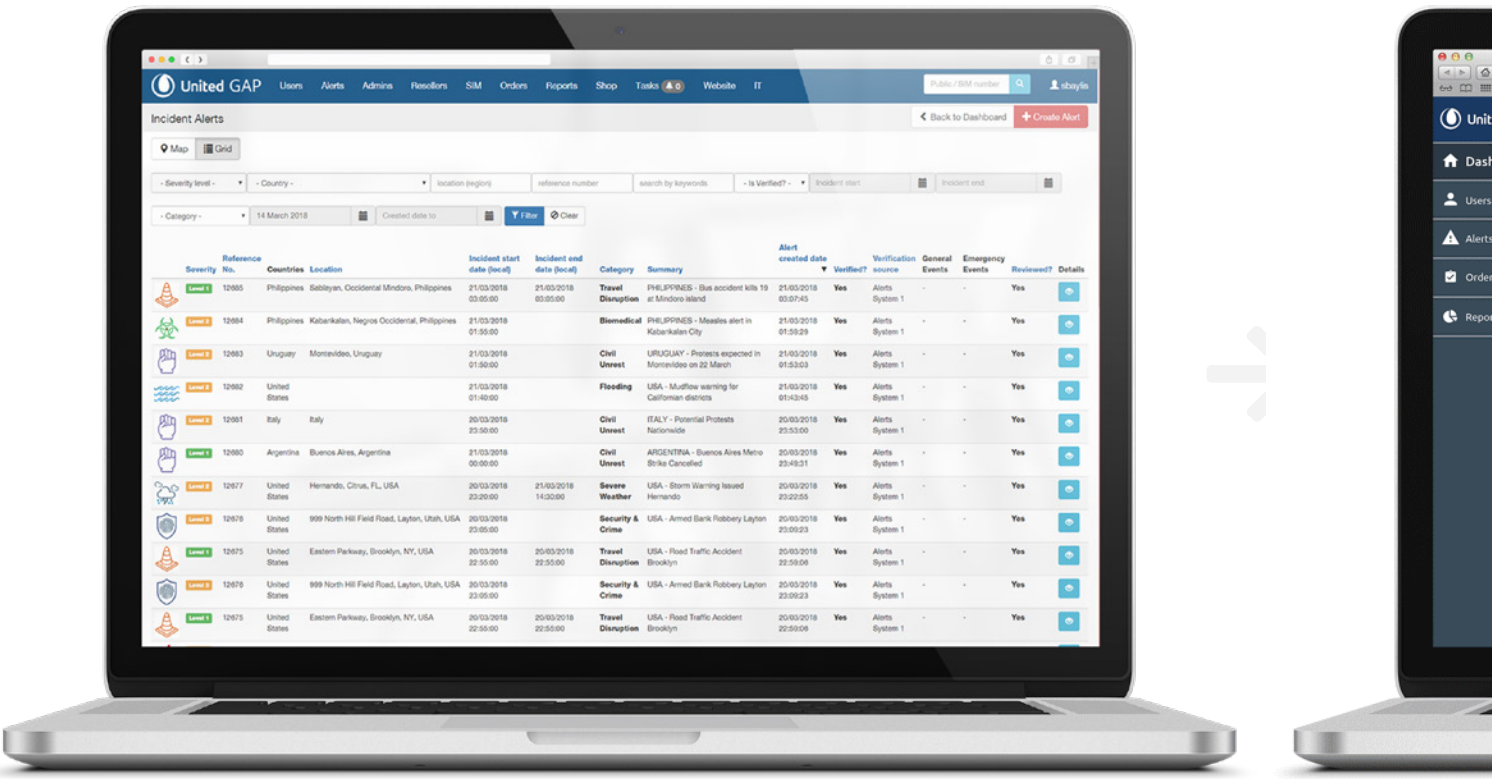
SOS ALERTS - ACTIONABLE INTELLIGENCE AND ANALYSIS DELIVERED TO THE RIGHT PEOPLE AT THE RIGHT TIME AND PLACE POWERED BY THE "TRUST" PLATFORM 24/7/365 DAYS A YEAR.

The release of SOS alerts solutions has revolutionised how insurance companies manage, share and disseminate information to reduce risk to their end customers. The SOS alerts is a proactive risk management service that provides safety and security updates from trusted sources directly to customers.

It provides targeted real time "alerts" using GPS technology that enhances the ability of global insurers' assistant teams to monitor and analyse worldwide incidents and events.

As a consequence, it increases their ability to respond to risks that threaten affected customers.

> **"*Real time 24/7, 365 days a year*"**
>
> *proactive risk management*



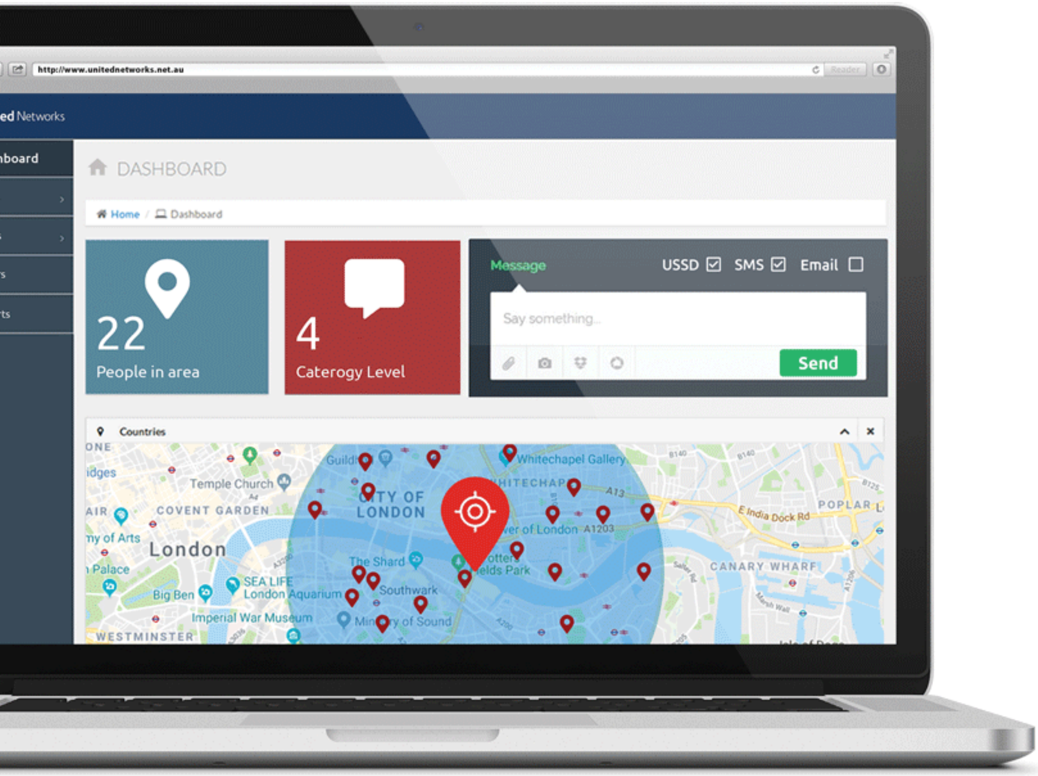
REAL TIME FEED OF ALERTS

The SOS Alerts is powered by the “Trust” platform and is currently being used by two of the world’s largest insurance companies to engage with clients, reduce risk and protect their customers when travelling.

The SOS alerts powered by the “Trust” platform has a number of powerful benefits which include:-

- Tracks globally all hazards and incidents 24/7, 365 days a year
- Delivers relevant incident/event intelligence to “in-vicinity” customers
- Helps reduce customer risk for Global Insurers
- Provides real time GPS enabled incident alerts
- Provides risk visibility and reduces contact-center labour costs
- Improves situational awareness of threats/events with relevant and timely information
- Allows for tailored and geo-fenced alerting
- Provides customers with connectivity and more importantly, piece of mind.

“ *Duty of care* ”



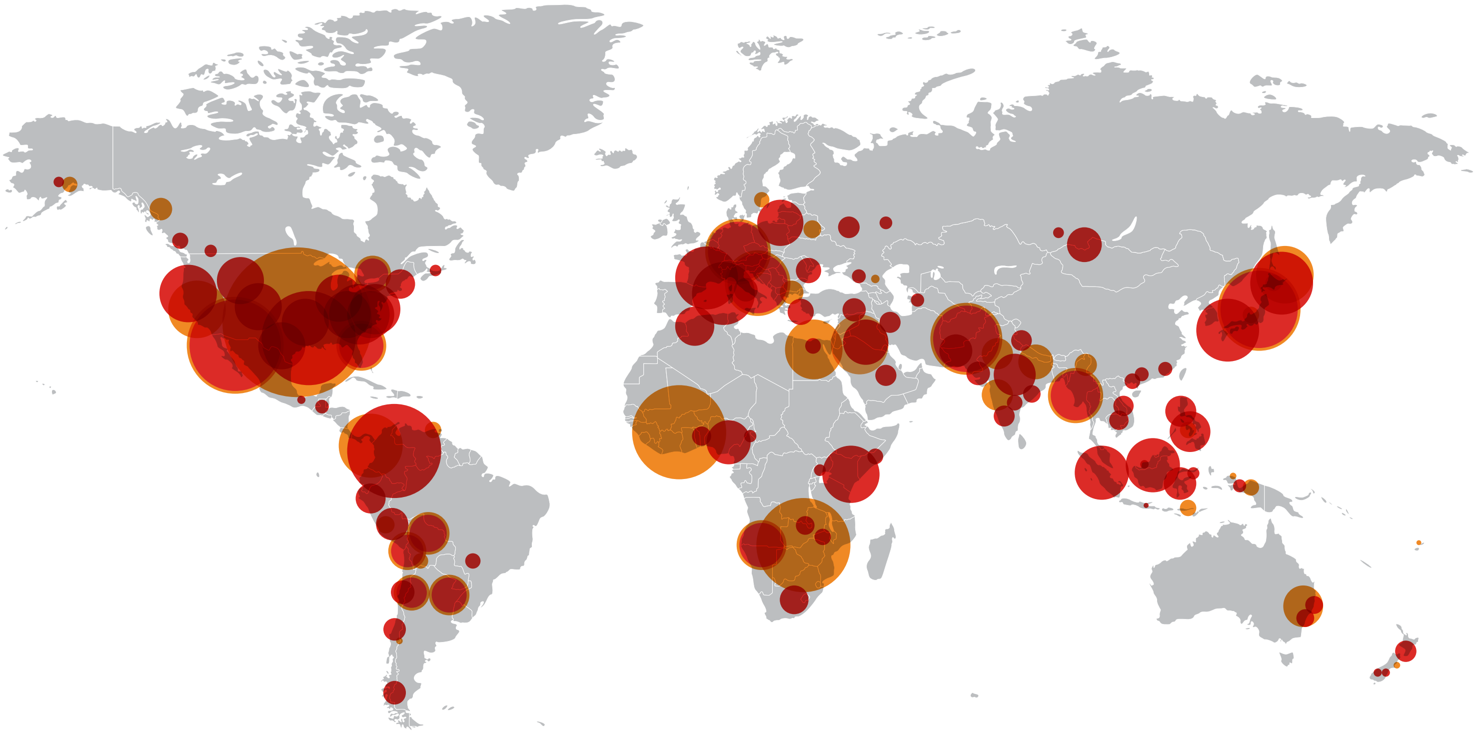
IDENTIFY USERS IN DANGER ZONE

SENDS ALERT NOTIFICATION

Categorisation is automated for 85% of all events. Over the 2019 financial year, United will combine “AI” and machine learning algorithms to improve this automation and provide the messages in multiple languages to allow for effective scalability for global partners.

The severity ranges from Category 1 to Category 4 risk events. Category 4 is the highest level of risk for travelers. SOS Alerts for the year included:-

- **24,650 Global event alerts sent**
- **8,139 Global emergency warning events (category 3 events)**
- **348 Global emergency category 4 events.**



CONNECT, PROTECT & ENGAGE

FLIGHT DELAY INSURANCE

FLIGHT DELAY INSURANCE LAUNCHED - ON-DEMAND AND CLAIMS FREE INSURETECH SOLUTIONS UNDERPINS THE NEW WAVE OF REVENUES FOR THE GROUP

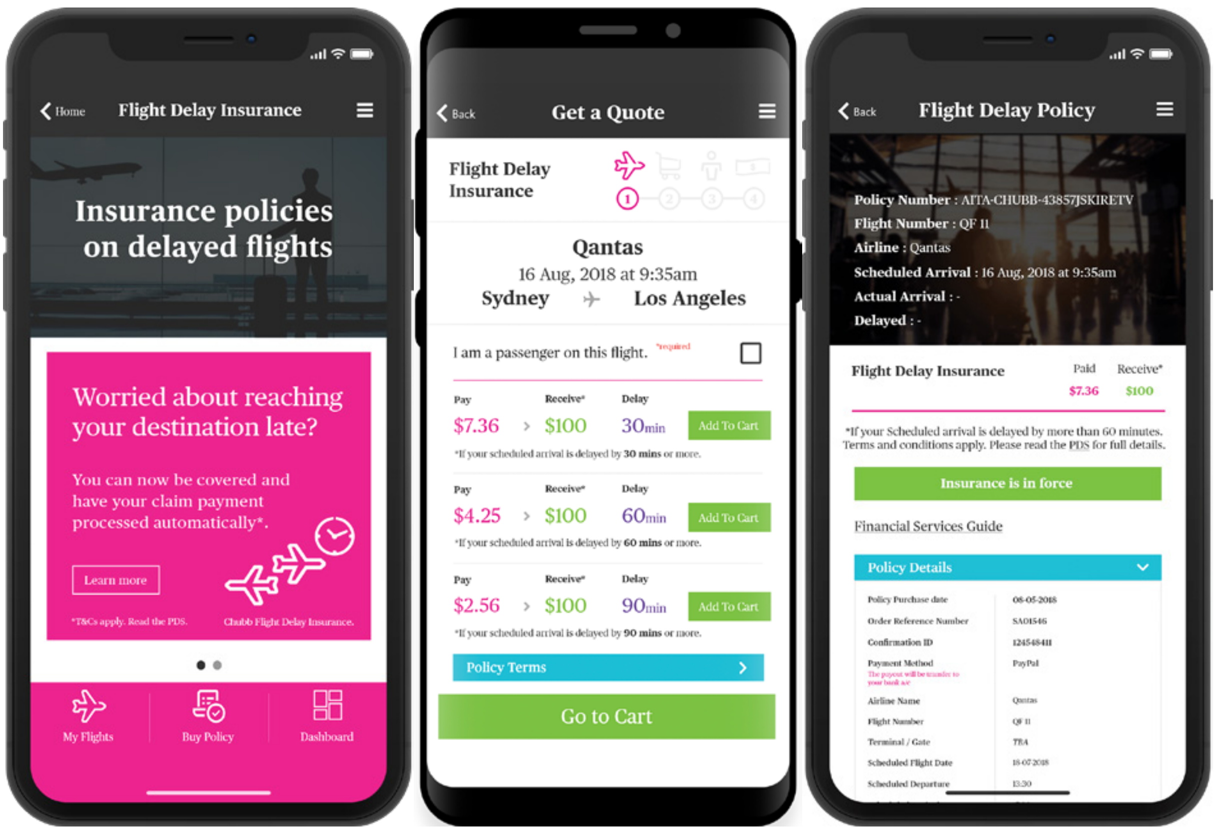
Flight Delay Insurance provides fixed compensation for travelers when their flight is cancelled, diverted or delayed. Typically the standard travel insurance plan will only payout when the flight delay is more than six hours.

With Flight Delay insurance, a delay of as short as 30 minutes will trigger an automatic fixed payout. United has developed this innovative solution in conjunction with global reinsurance and insurance companies.

This is a significant milestone for the group as it one of many On-Demand insurance solutions that is set to transform business revenues from connectivity to transactional income. United subsidiary, United Lifestyle Group Networks Pty Ltd, has become an authorised representative in Australia allowing United to sell approved insurance products for Chubb.

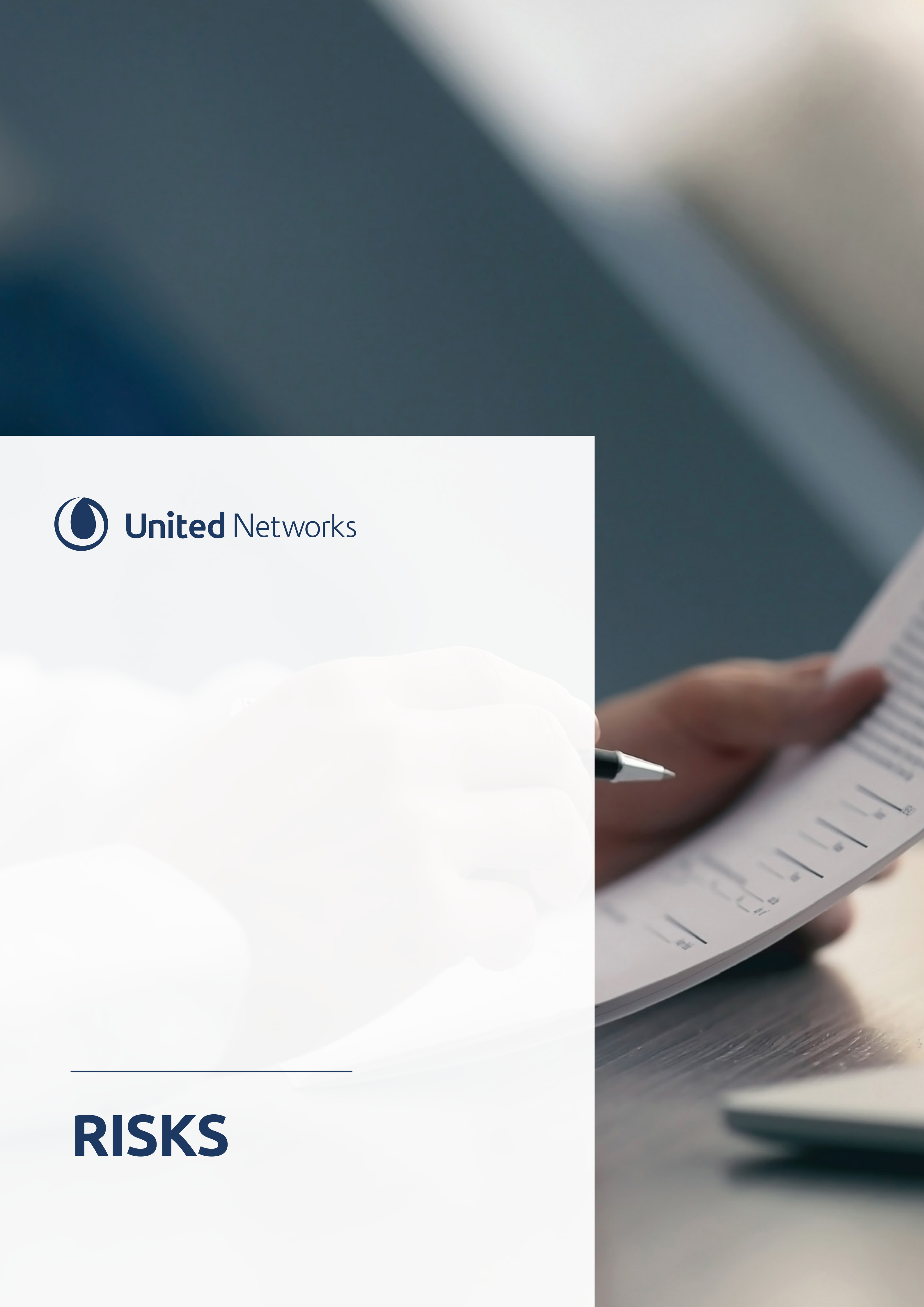
United's first release of the Flight Delay insurance solution is incorporated into the Chubb Connect APP powered by United Networks Trust platform, in conjunction with Chubb, Swiss-Re. The product will be promoted to Chubb direct customers.

The Company is excited to be able to work with Chubb and Swiss Re to innovate and drive the digital insurance revolution. United's leading global connectivity, engagement and payments platform will streamline uptake, sale, onboarding and the automated claims process.




You can now be covered and
have your claim payment
processed automatically*.
Learn more
*T&Cs apply. Read the PDS.
Chubb Flight Delay Insurance.
My Flights
Buy Policy
Dashboard


Home
Flight Delay Insurance
Insurance policies on delayed flights



United Networks

RISKS

RISKS

RISK MANAGEMENT

The company operates within a highly competitive, technology based industry and is exposed to a range of risks that have the potential to impact on the financial, operational and strategic performance of the business. In executing the company's strategy, risk management is an integral factor in considering the best way to create shareholder value.

BOARD RESPONSIBILITY

The Board is responsible for establishing the level of risk which it expects the management of the company to operate within.

This responsibility extends to ensuring an appropriate risk management framework is in place.

RISK MANAGEMENT AND AUDIT COMMITTEE

The Board has established a Risk Management and Audit Committee (RMA Committee) to assist the Board to discharge its corporate governance duties in relation to implementing and maintaining appropriate policies and procedures relating to risk management, financial reporting, external and internal control and auditing.

The RMA Committee is chaired by Charbel Nader (as independent director) and its other members are Anthony Ghattas (non-executive Chairman) and Nicholas Ghattas (the Managing Director). Whilst the majority of this committee does not currently consist of independent directors, the Board believes that the breadth and depth of knowledge, skills and experience of the committee members, and the provisions of the charter of this committee which governs them, effectively ensure the transparency, focus and independent judgement needed to oversee the audit, reporting and risk management functions.

The Risk Management and Audit Committee Charter details the role of this committee which is to:

- Create a structure of review and authorisation designed to ensure the integrity of the company's financial reporting;
- Review and monitor the independence and effectiveness of the external auditors and internal controls if any; and
- Review the effectiveness of the company's compliance and risk management functions.

RISK MANAGEMENT FRAMEWORK

The United Risk Management Framework enables the company to establish clear processes and structures to identify, assess and monitor various risks. The key elements of the framework include:

- The Board and CEO who provide ultimate oversight and accountability for risk management and defining the risk parameters. The board has identified the material business risks and agreed to the strategy in managing each risk.
- The Risk Management and Audit Committee assists the Board in fulfilling its corporate governance and oversight.
- Management, who work within the agreed risk parameters.

KEY RISKS

United continues to execute on it's business strategy to grow the business and deliver value to shareholders. There are a number of risks associated with an investment in the Company, which may affect its financial performance, financial position, cash flows, distribution, growth prospects and share price.

Some of the key areas of risk identified for United are:

- Changes in Industry, Market and Customer Demand
- Supplier and Vendor Relationships
- Loss of Key Enterprise Partners
- Hacker Attacks, Data Security and Integrity
- Growth Prospects
- Reputation
- Regulatory
- New revenue and market
- Reliance on key personnel
- Funding to develop the products.

Risk	Mitigation Strategy
Industry, Market and Customer Demand Change Due to the nature of the technology industry and its ever-changing environment, there may be external environmental changes which affect the business' core offering. These can be changes in industry standards, competitor offerings, changes to popular technology/software and a shift in customer demands.	United identifies the threats posed to its business through external risks such as changes in the industry, market and customer demand. Management are constantly engaged with partners to identify and understand change intrends. United have developed a flexible and scalable solution which facilitates changes to current and future products to accommodate change in trends.
Supplier and Vendor Relationship United relies on various key supplier relationships in certain parts of its business. The loss or impairment of any of these relationships could impact United's business.	United values its key relationships with suppliers and one of Management's core objectives is to maintain a positive and productive relationship with these Key Enterprise Partners. The Trust platform allows flexibility as to reduce our reliance on any single supplier or vendor and we are constantly evaluating alternatives as a backup, if required.
Loss of Key Enterprise Partners A substantial portion of United's revenues is generated from its Key Enterprise Partners. The loss of any Key Enterprise Partner or the loss of business from Key Enterprise Partners would adversely impact United's business and financial results.	United continues to maintain a strong relationship with its Key Enterprise partners. In FY18, one of Uniteds Key partner contracts ceased. The diversification of the international roaming business and Wi-Fi business coupled with the growth in new partners, and introduction to new insuretech solutions allows United to mitigate the impact of losing any single partner or Key Enterprise Partners.
Hacker Attacks, Data Security and Integrity United relies on the availability of its websites, hosting servers and the websites and systems of various third-party providers to provide services to clients and to attract new clients. Such websites, servers and systems could be subject to data theft, disruption or denial of service (DoS) attacks and unauthorised access from hackers.	United takes its customers' privacy and data security very seriously and continuously works to develop and enhance security systems. To mitigate these risks, United closely follows best practices and uses industry leading intrusion detection tools, detailed monitoring, enterprise firewalls and data centres. As a part of the ongoing requirements, United continues to perform penetration and vulnerability testing across all sites and solutions combined with ongoing enhancements to its security, monitoring and payment gateways.
Growth Prospects and Acquisitions United's growth prospects are dependent upon a number of factors, including customer take-up and successful execution of expansion plans. If United fails to execute any expansion plans, its financial performance is likely to be negatively affected.	As part of its expansion strategy, the Company continues to pursue acquisitions of, or significant investments in, complementary companies, services, technologies and/or products to create new revenue streams. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

Continued on next page

<table>
<tr><th>Risk</th><th>Mitigation Strategy</th></tr>
<tr><td>Reputation

The success of United’s business depends on the maintenance of good client relationships and its reputation for providing high quality products and services. United’s reputation could be significantly damage if:
United does not meet customer expectations;
it is involved in litigation claims relating to its product performance or customer service; or
it is subject to negative media coverage.</td><td>United currently has strategies in place to measure customer satisfaction, which identifies and highlights the ways in which we can improve.

As part of this strategy, the company runs a continual improvement program to ensure the performance of the service exceeds our clients’ expectations.

The enhancement of the duty of care platform will increase the reputation of United as a trusted partner, providing relevant real-time engagement solutions for end customers.</td></tr>
<tr><td>United’s Regulatory Position

At the date of this report, the telecommunications services provided by United do not require a special license or permit in the jurisdictions they are offered.

However, changes to the regulatory regime, legislation, or government policies in any such jurisdiction, or in the nature of the services or operations of United may require the acquisition of a license or permit, or may impose other obligations upon United.

A failure or delay in complying with such changes or the time and costs required to comply could have an adverse impact on United.</td><td>United continually reviews the global regulatory environment and ensures that its trading terms and privacy policy are routinely updated to meet changing regulatory requirements.</td></tr>
<tr><td>New Revenue and Market

Some of United’s new business opportunities should be viewed as speculative as they may be based on new business models, or involve non-traditional telecommunications companies and new revenue potential that cannot be guaranteed.

There is an inherent risk associated with setting up new operations or partnering with new companies which, if unsuccessful, costly to implement, or costly to maintain can adversely affect United’s operations, revenue and profits.</td><td>United’s strategy is to work with its global partners to collaboratively enter new markets in which they operate. With this strategy United is able to ensure distribution from day one with a local affiliation.</td></tr>
<tr><td>Reliance on Key Personnel

United relies on the experience and knowledge of its management team. United is also dependent on its ability to recruit and retain suitably qualified personnel.

The loss of key personnel which United is unable to replace with suitable staff or within reasonable time, could have a materially adverse effect on United’s business and its operations.</td><td>In the period United has strengthened its management team with key appointments in Chief Operating Officer and business development.</td></tr>
</table>

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2018.

DISTRIBUTION OF EQUITABLE SECURITIES

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

Number of Shares	Number of holders of ordinary shares
1 to 1,000	12
1,001 to 5,000	22
5,001 to 10,000	91
10,001 to 100,000	187
100,001 and over	79
Total	**391**
Holding less than a marketable parcel	183

UNQUOTED EQUITY SECURITIES

Number of Shares	Number on issue	Number of holders
Options over ordinary shares issued	16,000,000	5

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	Ordinary Shares	
Shareholder	Number held	% of total shares issued
Autopilot Consulting Pty Ltd	38,208,124	30.37
Temont Pty Ltd	38,208,124	30.37
Farjoy Pty Ltd	6,300,000	5.01

VOTING RIGHTS

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

ORDINARY 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.

There are no other classes of equity securities.

RESTRICTED SECURITIES

Class	Expiry date	Number of shares
Ordinary	4 January 2019	76,705,781

EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
Name	Number Held	% of total shares issued
Autopilot Consulting Pty Ltd	38,208,124	30.37
Temont Pty Ltd	38,208,124	30.37
Farjoy Pty Ltd	6,300,000	5.01
CVC Limited	2,800,525	2.23
Leda Holdings Pty Ltd	2,500,000	1.99
Bond Street Custodians Limited < Lam1 - D08017 A/C >	2,500,000	1.99
HSBC Custody Nominees (Australia) Limited	2,439,891	1.94
Mr Humberto Vieira	1,666,667	1.32
Richard Albarran < Albarran Family No 2 A/C >	1,333,334	1.06
Rolay Pty Ltd	1,333,334	1.06
Tuwele Pty Limited < Rosella Superannuation A/C >	1,250,000	0.99
Mr Gareth Graeme Macdougall	1,000,000	0.79
Tuwele Pty Ltd < Murphy Family A/C >	784,000	0.62
Slapdash Pty Ltd	700,000	0.56
Eric Golf Pty Ltd < Russell J E Wright S/F A/C >	697,418	0.55
Tempo (Aust) Pty Ltd	666,667	0.53
International Pacific Securities Limited	583,333	0.46
Acron Holdings Pty Limited < Acron Super Fund >	500,000	0.40
Rosart Investments Pty Ltd < Arthur Martin Super Fund A/C >	450,000	0.36
Hills Mgmt Pty Ltd < Hills A/C>	450,000	0.36
Total	**104,371,417**	**82.96**

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of United Networks 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 2018.

DIRECTORS

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

- Anthony Ghattas
- Charbel Nader
- Nicholas Ghattas

PRINCIPAL ACTIVITIES

The United Networks Limited group is an innovative enterprise solutions provider which has developed a platform (Trust platform) based on global connectivity and customer engagement. The group provides global engagement and value-add Insuretech solutions to the insurance and travel industry to allow them to increase end-customer engagement.

DIVIDENDS

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

REVIEW OF OPERATIONS

Financial Highlights

Revenue for the group for the period is down 57.2% to $2,668,385 as result of the following items:-

- Cancellation of the Covermore contract in the 2018 financial year, and decrease in sales volume in the Global SIM business. Revenue from the Covermore contract for the year ended 30 June 2018 was $893,325 (2017: $2,699,845). The Global SIM business continues to generate revenues.
- Deferral of the 2018 research and development grant to the 2019 financial year. The 2018 research and development grant will be recognised when it is paid in the 2019 financial year. A total of $518,000 in research and development grants were received in FY18 and were accrued in the FY17 year-end accounts.
- Delays in the launch of new partners and release of the new Insuretech product Flight Delay insurance in August 2018.

The group reported a Statutory loss after tax for the year of $19,268,609 following a goodwill impairment of $16,016,577 as a result of the cancellation of the Covermore contract during the year, decreases in Global SIM sales and a de-recognition of the net deferred tax asset of $418,942. The group generated a net operating loss of $2,833,090 for the year (30 June 2017: $1,037,177).

The group's cash and cash equivalents at year end are $1,355,892 (30 June 2017 $4,214,949). The group significantly cut monthly cash operating costs during the year.

The group has now adjusted its cost base and is focused on developing revenue with a focus on Insuretech markets globally.

Refer to the 'Performance Summary' for further information.

Operational Highlights

During the year ended 30 June 2018, the group successfully expanded its product offerings from a focus on telecommunications to the commercialisation of value add Insuretech solutions. The group is now well positioned to capitalise on its successful entrance into this growth sector.

Over the 12 months to June 2018, the group:

- Went live in January 2018 with its global SOS 24/7 emergency alerts platform with one of the world's largest insurers Chubb in the APAC region.
- Signed with a second global insurance company AIG and went live in Asia Pacific region in August 2018.
- Secured and launched new SIM and Wi-Fi clients in FY18 including the Group's first "Internet of Things" partner.
- Became an authorised representative of Chubb Insurance Australia, to allow for the sale of insurance products.
- Released the Insuretech Flight Delay Insurance product in August 2018 operated from the Group's unique "Trust" platform.
- Increased Wi-Fi hotspots in conjunction with connectivity partners from 63+ million hotspots to 65+ million hotspots.
- Reductions of $1.5 million annualised overheads costs have been implemented throughout the year to align to current revenues.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The company undertook an assessment of the recoverable amount of goodwill at 30 June 2018, and as a result of this assessment, the Directors have determined to fully impair the goodwill amount of $16,016,577. The reasons for impairment of goodwill are principally due to the cancellation of the Covermore contract in the 2018 financial year and decrease in sales volume in the Global SIM business.

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

No matter or circumstance has arisen since 30 June 2018 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

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

GOING CONCERN

For the year ended 30 June 2018 the consolidated entity incurred a loss after income tax of $19,268,609 (2017: $1,037,177) and net cash outflows from operating activities of $1,277,975 (2017: $305,522). The net operating loss after tax for the financial year ended 30 June 2018, excluding the impairment of goodwill of $16,016,577 and the write back of the net deferred tax asset of $418,942, was $2,833,090. The recurring operating historical losses and net cash outflows from operating activities give rise to uncertainty that may cast doubt about the ability of the consolidated entity to continue as a going concern.

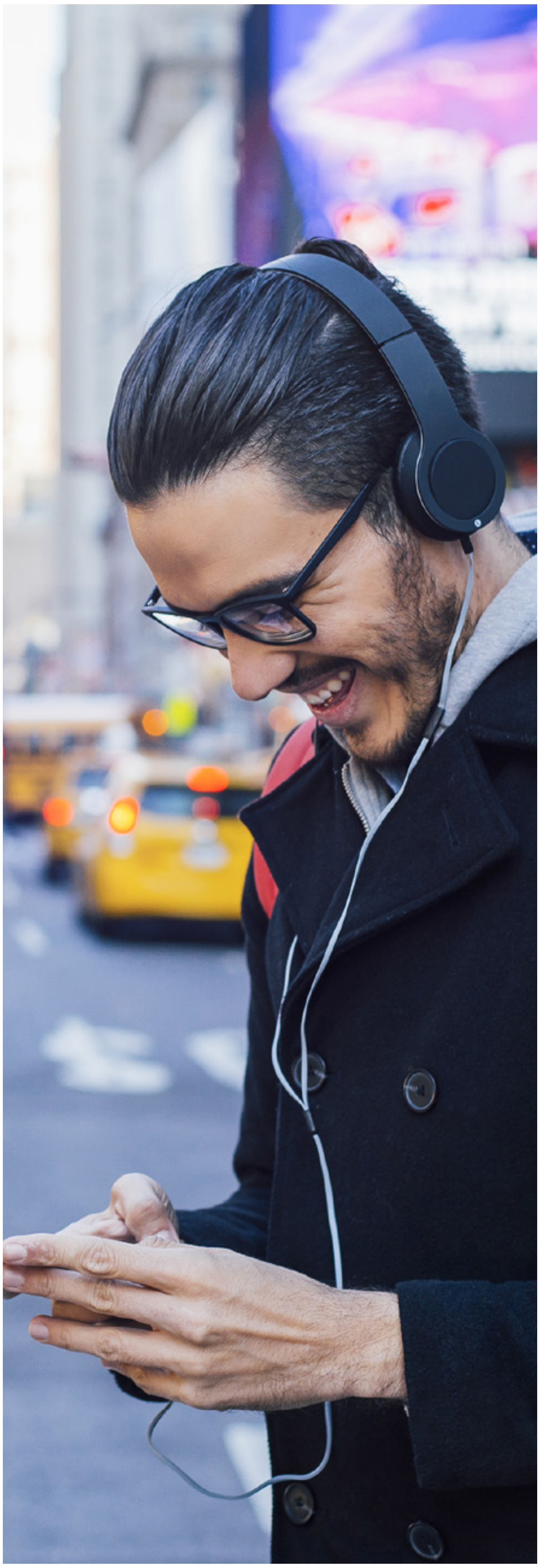
The company has recently announced a new key partner contract and reduced overheads to align with the current business revenue and the new contract announced. Overhead reductions in excess of $1.2 million were implemented in the last two quarters of the 2018 financial year, with further reductions implemented to wages and rent costs in July 2018 and August 2018 resulting in a total overhead reduction of over $1.5 million.

The increase in the operating loss before impairment of goodwill and write back of the net deferred tax asset, was significantly due to the cancellation of the Covermore contract in the 2018 financial year, and decrease in sales volume in the Global SIM business. Despite the impairment, the global SIM product continues to generate revenues and the business has launched new global partners who have launched the Wi-Fi and Insuretech solutions.

Refer to Note 1 to the consolidated financial statements for the Directors' mitigation of going concern uncertainty.

ENVIRONMENTAL REGULATION

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



INFORMATION ON THE DIRECTORS

ANTHONY GHATTAS

NON-EXECUTIVE CHAIRMAN

Qualifications: None

Experience and expertise:

Anthony Ghattas is the former CEO of ASX listed, digital and mobile content development company HWW Limited. Anthony is the Founder and Managing Director of United Lifestyle Group, he has extensive experiences in direct to customer marketing in Australia and overseas which retails consumer direct wines under multiple brands in Australia and New Zealand. Over the last 10 years, Anthony has seen to the growth of United Lifestyle Group across multiple continents.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chairman

Interests in shares: 38,238,124

Interests in options: 5,250,000

NICHOLAS GHATTAS

DIRECTOR AND CHIEF EXECUTIVE OFFICER

Qualifications:

BCom (University of New South Wales)

Experience and expertise:

Nicholas Ghattas has more than 20 years of experience in telecommunications. He has experience in sourcing, developing, building and managing mobile solutions businesses, Nicholas has delivered telecommunications solutions to Enterprise clients. His experience includes roles such as Corporate Financial Accountant at Coopers & Lybrand (PwC) and Director of a mobile retail outlet.

Over the last 9 years, Nicholas has built United Networks Limited into a successful domestic telecommunications business and has extended the business into the international mobile roaming market through a global roaming solution, available in Australia, Canada, Malaysia and New Zealand.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chief Executive Officer

Interests in shares: 38,208,124

Interests in options: 5,250,000

CHARBEL NADER

NON-EXECUTIVE DIRECTOR

Qualifications:

BCom (University of Melbourne), Master of Applied Finance (University of Melbourne)

Experience and expertise:

Charbel Nader is an investment banker with extensive experience in corporate finance and strategic advisory roles, including experience in mergers and acquisitions. Charbel was the Founding Chairman of Metro Media Publishing Pty Ltd. Charbel is a Director of Madman Entertainment Pty Ltd and Chairman of New Talisman Gold Mines Limited.

Other current directorships:

Chairman - New Talisman Gold Mines Limited (since 24 August 2016)

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 90,000

Interests in options: 3,500,000

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

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

MICHAEL POTTS

COMPANY SECRETARY

Michael Potts is the Chief Finance Officer (CFO) and Company Secretary of United Networks Limited. Michael has more than 30 years of experience in major firms including Deloitte, Nexia Australia, MasterPack Systems and JUA Underwriting Agency. Michael's expertise has seen him in roles and responsibilities ranging from consultancy to CFO. Michael holds a Bachelor's Degree in Economics from Macquarie University and is a member of the Chartered Accountants Australia and New Zealand.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

Full Board

Name	Attended	Held
Anthony Ghattas	10	10
Charbel Nader	10	10
Nicholas Ghattas	10	10

Held: represents the number of meetings held during the time the director held office.

An Audit Committee has been formed but did not meet during the year to 30 June 2018. There are no other separate Board committees.

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 entity, 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 Board is responsible for determining and reviewing remuneration arrangements for its 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 performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

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

- having economic profit as a core component of plan design

- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, 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 caliber 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. The Board 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. Non-executive directors are entitled to receive share options under the Employee Share Option Plan.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The approval of a maximum annual aggregate remuneration for non-executive directors will be tabled at the company's next Annual General Meeting to be held on 22 November 2018.

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
- 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 Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

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

The long-term incentives include share-based payments. Options to acquire shares may be awarded to executives.

CONSOLIDATED ENTITY PERFORMANCE AND LINK TO REMUNERATION

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

USE OF REMUNERATION CONSULTANTS

The company did not engage remuneration consultants during the financial year ended 30 June 2018.

Voting and comments made at the company's 23 November 2017 Annual General Meeting ('AGM')

At the 23 November 2017 AGM, 81% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of United Networks Limited:

- Anthony Ghattas - Non-executive Chairman
- Nicholas Ghattas - Director and Chief Executive Officer
- Charbel Nader - Non-executive Director

And the following persons:

- Neil Brener - Chief Operations Officer (ceased employment on 23 March 2018)
- Michael Potts - Chief Finance Officer

	Short-term benefits		Post-employment benefits		Long-term benefits	
2018	Cash salary and fees $	Non-monetary $	Superannuation $	Termination benefits $	Long service leave $	Total $
Non-Executive Directors:						
Anthony Ghattas	85,731	-	7,767	-	-	93,498
Charbel Nader	48,000	-	4,560	-	-	52,560
Executive Directors:						
Nicholas Ghattas	280,231	7,942	11,955	-	14,509	314,637
Other Key Management Personnel:						
Neil Brener*	164,363	(5,889)	14,318	11,086	(4)	183,874
Michael Potts	176,800	4,939	16,796	-	69	198,604
Total	**755,125**	**6,992**	**55,396**	**11,086**	**14,574**	**843,173**

* Neil Brener ceased employment on 23 March 2018

	Short-term benefits		Post-employment benefits	Long-term benefits	
2017	Cash salary and fees $	Non-monetary $	Superannuation $	Long service leave $	Total $
Non-Executive Directors:					
Anthony Ghattas	96,000	-	9,120	-	105,120
Charbel Nader	48,000	-	4,560	-	52,560
Executive Directors:					
Nicholas Ghattas	295,000	48,300	19,418	(2,305)	360,413
Other Key Management Personnel:					
Neil Brener*	47,288	5,889	7,057	4	87,238
Michael Potts	176,800	13,737	16,796	(223)	207,110
Total	**690,088**	**67,926**	**56,951**	**(2,524)**	**812,441**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration 2018	Fixed remuneration 2017	At risk - STI 2018	At risk - LTI 2018
Non-Executive Directors:				
Anthony Ghattas	100%	100%	-	-
Charbel Nader	100%	100%	-	-
Executive Directors:				
Nicholas Ghattas	100%	100%	-	-
Other Key Management Personnel:				
Neil Brener	100%	100%	-	-
Michael Potts	100%	100%	-	-

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: Nicholas Ghattas

Title: Chief Executive Officer

Agreement commenced: 1 November 2015

Term of agreement: On-going

Details: Base salary of $295,000 per annum, to be reviewed annually by the Board. The contract may be terminated by the company giving a 12 months notice and the CEO giving the greater of 4 weeks and the notice required under the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Name: Neil Brener

Title: Chief Operations Officer

Agreement commenced: 15 February 2017

Term of agreement: Ceased employment on 23 March 2018

Details: Base salary of $225,000 per annum. The contract could be terminated by the company with 6 weeks' notice for less than 12 months service and 3 months' notice for more than 12 months' service. The COO could terminate the contract with 6 weeks' notice for less than 12 months service and 3 months' notice for more than 12 months' service or the relevant notice required under the Fair Work Act. There was no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Name: Michael Potts

Title: Chief Finance Officer

Agreement commenced: 31 August 2015

Term of agreement: On-going

Details: Base salary of $176,800 per annum. The contract may be terminated by either party giving to the other party notice in accordance with an applicable Industrial Instrument of the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

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

SHARE-BASED COMPENSATION

ISSUE OF SHARES

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018 (2017: nil).

OPTIONS

The terms and conditions of each grant of options over ordinary shares affecting 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	Fair value per option at grant date
Anthony Ghattas	5,250,000	01/07/2016	01/07/2018	11/11/2021	$0.300	$0.000
Nicholas Ghattas	5,250,000	01/07/2016	01/07/2018	11/11/2021	$0.300	$0.000
Charbel Nader	3,500,000	01/07/2016	01/07/2018	11/11/2021	$0.300	$0.000

Options granted carry no dividend or voting rights.

The options granted to Directors were in terms of the Employee Share Option Plan and were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the Director becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as 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.

There were no options that were exercised, forfeited or lapsed during the year.

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the three years to 30 June 2018 are summarised below:

Name	2018 $	2017 $	2016 $	2015 $
Sales revenue	2,617,734	5,142,500	6,926,658	5,892,531
EBITDA	(17,865,504)	(309,067)	1,019,643	83,954
EBIT	(18,840,274)	(1,050,522)	347,477	(188,224)
Profit/(loss) after income tax	(19,268,609)	(1,037,177)	337,001	(260,689)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

SHAREHOLDING

The number of shares in the company held during the financial year by each 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	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
Anthony Ghattas	38,208,124	-	-	-	38,238,124
Nicholas Ghattas	38,208,124	-	-	-	38,208,124
Charbel Nader	90,000	-	-	-	90,000
Michael Potts	25,000	-	-	-	25,000
Total	**76,561,248**	**-**	**-**	**-**	**76,561,248**

OPTION HOLDING

The number of options over ordinary shares in the company held during the financial year by each 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
Ordinary shares					
Anthony Ghattas	5,250,000	-	-	-	5,250,000
Nicholas Ghattas	5,250,000	-	-	-	5,250,000
Charbel Nader	3,500,000	-	-	-	3,500,000
Total	**14,000,000**	**-**	**-**	**-**	**14,000,000**

	Vested and exercisable	Unvested and exercisable	Balance at the end of the year
Anthony Ghattas	-	5,250,000	5,250,000
Nicholas Ghattas	-	5,250,000	5,250,000
Charbel Nader	-	3,500,000	3,500,000
Total	**-**	**14,000,000**	**14,000,000**

LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loans owing by key management personnel of the group, including their close family members and entities related to them, at 30 June 2018. Included in trade and other receivables at 30 June 2017 was a short-term loan of $1,905 to a Director related entity. The loan had no fixed repayment terms, was unsecured and interest-free. The loan was repaid during the 2018 financial year and the highest loan balance during the year was $1,900 (2017: $1,900). No write-downs or allowances for doubtful receivables have been recognised in relation to this loan.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Other transactions with key management personnel and their related parties

The consolidated entity sold goods and services (IT support, telephone and internet, IT and network equipment and infrastructure services), during the year in the sum of $135,731 (2017: $445,616) to 7 entities in which Mr Anthony Ghattas is a director and a controlling shareholder. The contracts were based on normal commercial terms and conditions.

The consolidated entity purchased goods and services (rent, parking, shared office services and amenities and HR services) during the year in the sum of $372,617 (2017: $445,130) from 5 entities in which Mr Anthony Ghattas is a director and a controlling shareholder. The contracts were based on normal commercial terms and conditions.

Included in trade and other receivables at 30 June 2018 is a security deposit on the rental premises of $39,331 (2017: $39,331) held by a Director related entity. The security deposit will be refunded on termination of the lease.

Aggregate amounts of each of the above types of other transactions with key management personnel and their related entities:

Amounts recognised as revenue

Sale of goods: $84,242 (2017: $259,624)

Services: $51,489 (2017: $185,992)

Amounts recognised as expenses

Administration: $372,617 (2017: $445,130)

Interest paid: $23,021 (2017: nil)

Amounts recognised as trade and other receivables

Trade receivables: $58,622 (2017: $94,167)

Security deposit: $39,331 (2017: $39,331)

Amounts recognised as trade and other payables

Trade payables: $10,279 (2017: $6,622)

There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2018.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of United Networks Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise Price	Number under option
1 July 2016*	1 November 2021	$0.300	14,000,000
2 November 2016**	2 November 2021	$0.300	1,000,000
11 November 2016***	11 November 2021	$0.300	1,000,000
Total			16,000,000

** Options granted to the Directors*
*** Options granted to the Lead Manager in relation to the company's initial publicoffer of shares*
**** Options granted to the Corporate Advisor in consideration for consultancy services in relation to the company's initial public offer of shares*

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of United Networks Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

USE OF CASH AND ASSETS READILY CONVERTIBLE TO CASH SINCE ADMISSION TO ASX OFFICIAL LIST.

In accordance with Listing Rule 4.10.19 the company confirms that the consolidated entity has been utilising the cash and assets in a form readily convertible to cash, that it held at the time of its admission to the Official List of ASX in the current reporting period in a way that is consistent with its business objectives.

INDEMNITY AND INSURANCE OF OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF 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 financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial 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 25 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.

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

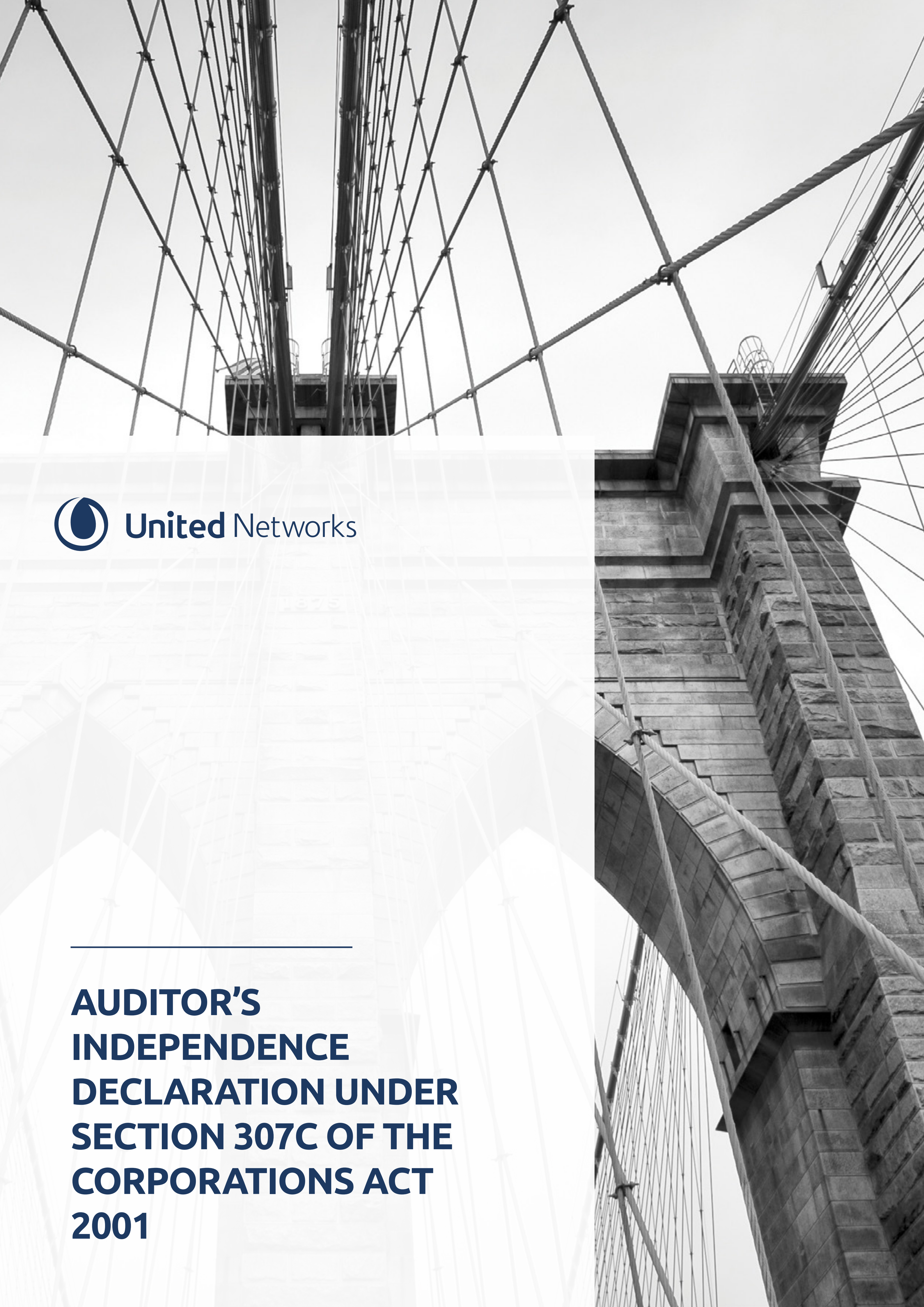
Rothsay Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

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

Nicholas Ghattas
Chief Executive Officer and Director

26 September 2018
Sydney



United Networks

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of United Networks Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of United Networks Limited and the entities it controlled during the year.

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 26 September 2018

United Networks

FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

Suite 201, Level 2
100 William Street
Woolloomooloo
NSW 2011

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 26 September 2018. 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 2018

	Note	2018 $	2017 $
Revenue	4	2,668,385	6,236,046
Other income	5	-	12,733
Expenses			
Cost of sales		(1,775,523)	(3,537,527)
Marketing		(50,599)	(71,451)
Occupancy		(11,926)	(55,764)
Administration		(2,385,159)	(2,199,018)
Impairment of goodwill	13	(16,016,577)	-
Other expenses		(1,226,499)	(1,376,068)
Finance costs		(51,769)	(106,050)
Loss before income tax (expense)/benefit	6	(18,849,667)	(1,097,099)
Income tax benefit	7	(418,942)	59,922
Loss after income tax (expense)/benefit for the year attributable to the owners of United Networks Limited	21	(19,268,609)	(1,037,177)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of United Networks Limited		**(19,268,609)**	**(1,037,177)**

	Note	Cents	Cents
Basic earnings per share	32	(15.31)	(0.97)
Diluted earnings per share	32	(15.31)	(0.97)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 $	2017 $
Assets			
Current Assets			
Cash and cash equivalents	8	1,355,892	4,214,949
Trade and other receivables	9	372,898	1,896,706
Inventories	10	90,900	131,975
Other	11	103,700	59,322
Total current assets		1,923,390	6,302,952
Non-current Assets			
Property, plant and equipment	12	361,386	506,047
Intangibles	13	1,981,955	17,876,073
Deferred tax	14	-	762,620
Total non-current assets		2,343,341	19,144,740
Total assets		**4,266,731**	**25,447,692**
Liabilities			
Current Liabilities			
Trade and other payables	15	616,484	1,573,503
Borrowings	16	505,704	992,223
Provisions	17	147,815	129,051
Total current liabilities		1,270,003	2,694,777
Non-current Liabilities			
Borrowings	18	87,188	231,088
Deferred tax	19	-	343,678
Total non-current liabilities		87,188	574,766
Total liabilities		1,357,191	**3,269,543**
Net Assets		**2,909,540**	**22,178,149**
Equity			
Issued capital	20	24,278,800	24,278,800
Accumulated losses	21	(21,369,260)	(2,100,651)
Total equity		**2,909,540**	**22,178,149**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital $	Accumulated Losses $	Total equity $
Balance at 1 July 2016	17,777,025	(1,063,474)	16,713,551
Loss after income tax benefit for the year	-	(1,037,177)	(1,037,177)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,037,177)	(1,037,177)
Transactions with owners in their capacity as owners: Contributions of equity, net of transaction costs (note 20)	6,501,775	-	6,501,775
Balance at 30 June 2017	**24,278,800**	**(2,100,651)**	**22,178,149**

	Issued Capital $	Accumulated Losses $	Total equity $
Balance at 1 July 2017	24,278,800	(2,100,651)	22,178,149
Loss after income tax expense for the year	-	(19,268,609)	(19,268,609)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(19,268,609)	(19,268,609)
Balance at 30 June 2018	**24,278,800**	**(21,369,260)**	**2,909,540**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Cash-flows for operating activities			
Receipts from customers *(inclusive of GST)*		3,506,670	6,481,632
Payments to suppliers *(inclusive of GST)*		(5,275,530)	(6,710,418)
		(1,768,860)	(228,786)
R&D tax incentive		519,033	-
Interest received		42,376	59,473
Interest and other finance costs paid		(70,524)	(136,209)
Net cash used in operating activities	30	(1,277,975)	(305,522)
Cash flows from investing activities			
Payments for property, plant and equipment		(10,385)	(5,466)
Payments for intangibles	13	(892,499)	(961,393)
Loans advanced to other entities		1,905	(40,084)
Proceeds from disposal of investments		-	21,029
Proceeds from disposal of property, plant and equipment		-	13,519
Net cash used in investing activities		(900,979)	(972,395)
Cash flows from financing activities			
Proceeds from issue of shares	20	-	7,133,500
Proceeds from borrowings		-	145,137
Share issue transaction costs and other transaction costs attributable to the listing		-	(1,079,778)
Repayment of borrowings	31	(680,103)	(1,215,290)
Net cash from use in financing activities		(680,103)	4,983,569
Net increase/decrease in cash and cash equivalents		(2,859,057)	3,705,652
Cash and cash equivalents at the beginning of the financial year		4,214,949	509,297
Cash and cash equivalents at the end of the financial year	**8**	**1,355,892**	**4,214,949**

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or 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. None of the new standards and amendments to standards affected any of the amounts recognised in the current period or any prior period.

During the financial year ended 30 June 2016, the consolidated entity elected to early adopted AASB 15 'Revenue from contracts with customers' and AASB 16 'Leases'. AASB 15 and AASB 16 are applicable to annual financial reporting periods beginning on or after 1 January 2018 and 1 January 2019 respectively. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

GOING CONCERN

For the year ended 30 June 2018 the consolidated entity incurred a loss after income tax of $19,268,609 (2017: $1,037,177) and net cash outflows from operating activities of $1,277,975 (2017: $305,522). The net operating loss for the financial year ended 30 June 2018, excluding the impairment of goodwill ($16,016,577) and the write back of the net deferred tax asset ($418,942), was $2,833,090. The recurring historical operating losses and net cash outflows from operating activities give rise to uncertainty that may cast doubt about the ability of the consolidated entity to continue as a going concern.

The company has recently announced a new key partner contract and reduced overheads to align with the current business revenue and new contract announced. Overhead reductions in excess of $1.2 million were implemented in the last two quarters of the 2018 financial year with further reductions implemented to wages and rent costs in July 2018 and August 2018 resulting in a total overhead reduction of over $1.5 million.

The increase in the operating loss before impairment of goodwill and write back of the net deferred tax asset, was significantly due to the cancellation of the Covermore contract in the 2018 financial year, and decrease in sales volume in the Global SIM business. Despite the impairment, the Global SIM product continues to generate revenues and the business has launched new global partners who have launched the Wi-Fi and Insuretech solutions.

The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on the consolidated entity having sufficient working capital to fund its activities.

The Directors have concluded that any uncertainty regarding going concern is mitigated by the following:

- The company has prepared a consolidated income and expenditure budget and cash flow budget for the 2019 financial year, based on reasonable assumptions, and considered extended forecasts for a period of not less than 12 months from the date of signature of the audit report on this financial report to the expected date of signature of the audit report on the financial report for the year ending 30 June 2019. The Directors are budgeting for a modest surplus for the 30 June 2019 financial year.

- The consolidated entity has restructured a number of its costs to ensure reductions are achieved where possible without compromising service delivery.
- The new partner contract announced in August 2018, and the release of the new Insuretech products that will contribute to sales in the 2019 financial year.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to achieve a combination of the above in order to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of signature of the audit report on this financial report to the date of signature of the audit report on the financial report for the year ending 30 June 2019, and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

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, 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 27.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of United Networks Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. United Networks 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.

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.

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.

United Networks 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.

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

IMPAIRMENT OF FINANCIAL ASSETS

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

The amount of the impairment allowance for loans and receivables carried at amortised cost 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. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

LEASES

A lease is a contract or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases that the company enters into as lessee, except for short-term leases (leases of 12 months or less) and leases of low-value assets, are recognised in the statement of financial position.

For leases that are recognised in the statement of financial position, a right-of-use asset and a lease liability are measured as the present value of the unavoidable future lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or if that rate cannot be readily determined, the company's incremental borrowing rate. After the initial recognition of the lease liability, the lease liability is remeasured to reflect changes to the lease payments and the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The company accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

A depreciation charge for the leased asset (included in 'other expenses') and an interest expense on the recognised lease liability (included in 'finance costs') is recognised. If the lease transfers ownership of the underlying asset to the company by the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise a purchase option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the company depreciates the right-of-use asset 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.

For short-term leases or leases for which the underlying asset is of low value, the lease payments associated with those leases are recognised as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the company's benefit.

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.

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.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

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

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

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

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

NEW ACCOUNTING STANDARDS 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 2018. 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 July 2018. The reported results and position of the consolidated entity will not change on adoption of this standard as it does not result in any changes to the consolidated entity's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

ESTIMATION OF USEFUL LIVES OF ASSETS

The 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 IMPAIRMENT

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. 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. The company undertook an assessment of the recoverable amount of goodwill at 30 June 2018, and as a result of this assessment, the Directors have determined to fully impair the goodwill amount of $16,016,577. The reasons for impairment of goodwill are principally due to the cancellation of the Covermore contract in the 2018 financial year and decrease in sales volume in the Global SIM business

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets 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 3. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

Operating segments are identified based on separate financial information which is regularly reviewed by the Board of Directors, representing the consolidated entity's Chief Operating Decision Makers (CODM), in assessing performance and determining the allocation of resources.

The consolidated entity operates in primarily one geographical segment, namely Australia. The primary business segment is telecommunications namely voice, data and value added services. As the consolidated entity operates in only one segment, the consolidated results are also its segment results.

The consolidated entity operates in one geographical segment being Australia. Revenue from overseas customers is not material to the consolidated entity.

MAJOR CUSTOMERS

All revenue of the consolidated entity is from external customers. During the year ended 30 June 2018 approximately 31% (2017: 51%) of the consolidated entity's external sales revenue was derived from sales to a single customer.

ACCOUNTING POLICY FOR 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.

NOTE 4. REVENUE

	2018 $	2017 $
Sales revenue		
Sale of goods	59,104	336,022
Services	2,558,630	4,806,478
	2,617,734	5,142,500
Other revenue		
Interest	42,376	59,473
R&D incentive grant	-	1,019,502
Other revenue	8,275	14,571
	50,651	1,093,546
Revenue	**2,668,385**	**6,236,046**

ACCOUNTING POLICY FOR REVENUE RECOGNITION

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

SALE OF GOODS (TELECOMMUNICATIONS HARDWARE)

Revenue from the sale of goods is recognised when control of the products has transferred to the customer. This will usually occur on delivery of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

RENDERING OF SERVICES

The consolidated entity generates revenues from after-sales service and maintenance provided as well as construction contracts for telecommunication solutions. Consideration received for those services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed. In recognising after-sales service and maintenance revenues, the consolidated entity considers the nature of the service and the customer's use of the related products, based on historical experience.

CONTRACTS FOR TELECOMMUNICATION SOLUTIONS

Construction contracts for telecommunication systems specify a fixed price for the development and installation of IT and telecommunication systems. When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. When the consolidated entity cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred. In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

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 5. OTHER INCOME 2018

	2018 $	2017 $
Net gain on disposal of property, plant and equipment	-	9,854
Net gain on disposal of investments	-	2,879
Other income	-	12,733

NOTE 6. EXPENSES

	2018 $	2017 $
Loss before income tax includes the following specific expenses:		
Aggregate employee benefits expense		
Defined contribution superannuation expense	121,976	130,536
Other employee benefits expenses	1,624,235	1,745,285
	1,746,211	**1,875,821**
Less		
Employee costs capitalised to web development	(347,482)	(504,920)
Employee benefits expense	1,398,729	1,370,901
Depreciation		
Plant and equipment	7,569	3,500
Furniture, fixtures and fittings	1,639	1,880
Computer equipment	10,583	10,705
Right-of-use assets - property leases	184,939	155,488
Total depreciation	**204,730**	**171,573**
Amortisation		
Web development	303,792	199,989
Software	466,248	369,893
Total amortisation	**770,040**	**569,882**
Finance costs		
Interest on lease liabilities	18,592	14,312
Interest on other borrowings	33,177	91,738
Finance costs expensed	51,769	106,050

NOTE 7. INCOME TAX EXPENSE/(BENEFIT)

	2018 $	2017 $
Income tax expense/(benefit)		
Current tax	-	(1,235)
Deferred tax - origination and reversal of temporary differences	418,942	(58,687)
Aggregate income tax expense/(benefit)	418,942	(59,922)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 14)	762,620	(213,468)
Increase/(decrease) in deferred tax liabilities (note 19)	(343,678)	154,781
Deferred tax - origination and reversal of temporary differences	418,942	(58,687)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(18,849,667)	(1,097,099)
Tax at the statutory tax rate of 27.5%	(5,183,658)	(301,702)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	4,404,558	-
Non-deductible expenses	-	241,780
	(779,100)	(59,922)
Current year tax losses not recognised	861,935	-
Current year temporary differences not recognised	(82,835)	-
Prior year deferred tax balances derecognised	418,942	-
Income tax expense/(benefit)	**418,942**	**(59,922)**

	2018 $	2017 $
Deferred tax assets not recognised		
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
Unused tax losses	1,529,093	-
Impairment of receivables	3,623	-
Employee benefits	43,986	-
Accrued expenses	43,842	-
Formation expenses	176,912	-
Deductible temporary differences offset against taxable temporary differences	(584,472)	-
Total deferred tax assets not recognised	**1,212,984**	-

The above potential tax benefit for tax losses and deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. The tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash on hand	455	99
Cash at bank	780,252	158,236
Cash on deposit	575,185	4,056,614
Total	**1,355,892**	**4,214,949**

ACCOUNTING POLICY FOR 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.

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Trade receivables	325,197	858,868
Less: Provision for impairment of receivables	(13,174)	(34,237)
Total	**312,023**	**824,631**
Other receivables	9,174	634,698
Loan to related party	-	1,905
Commissions receivable	-	396,141
Security deposit	39,331	39,331
GST receivable	12,370	-
Total	**372,898**	**1,896,706**

IMPAIRMENT OF RECEIVABLES

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

	2018 $	2017 $
Past due 60+ days	13,174	34,237

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

	2018 $	2017 $
Opening balance	34,237	20,912
Additional provisions recognised	55,328	13,325
Receivables written off during the year as uncollectable	(76,391)	-
Closing balance	**13,174**	**34,237**

PAST DUE BUT NOT IMPAIRED

Customers with balances past due but without provision for impairment of receivables amount to $204,915 as at 30 June 2018 ($156,152 as at 30 June 2017).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	2018 $	2017 $
Past due 1-30 days	146,803	2,784
Past due 61+ days	58,112	153,368
Total	**204,915**	**156,152**

ACCOUNTING POLICY FOR TRADE AND OTHER RECEIVABLES

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

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

NOTE 10. CURRENT ASSETS - INVENTORIES

	2018 $	2017 $
Stock on hand - at cost	90,900	131,975

ACCOUNTING POLICY FOR INVENTORIES

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. 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.

NOTE 11. CURRENT ASSETS - OTHER

	2018 $	2017 $
Prepayments	**103,700**	**59,322**

NOTE 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2018 $	2017 $
Plant and equipment - at cost	56,999	54,630
Less: Accumulated depreciation	(25,807)	(18,238)
	31,192	36,392
Furniture, fixtures and fittings - at cost	45,746	45,746
Less: Accumulated depreciation	(7,893)	(6,254)
	37,853	39,492
Computer equipment - at cost	77,107	69,091
Less: Accumulated depreciation	(61,143)	(50,560)
	15,964	18,531
Right-of-use assets - property leases	739,094	689,410
Less: Accumulated depreciation	(462,717)	(277,778)
	276,377	411,632
Total	**361,386**	**506,047**

RECONCILIATIONS

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

	Plant and equipment $	Furniture, fixtures and fittings $	Computer equipment $	Office equipment $	Right-of-use assets - property leases $	Total $
Balance at 1 July 2016	34,870	41,372	31,862	1,317	616,606	726,027
Additions	4,221	-	1,245	-	140,387	145,853
Disposals	(516)	-	(3,871)	-	-	(4,387)
Right-of-use asset derecognised	-	-	-	-	(189,873)	(189,873)
Transfers in/(out)	1,317	-	-	(1,317)	-	-
Depreciation expense	(3,500)	(1,880)	(10,705)	-	(155,488)	(171,573)
Balance at 30 June 2017	36,392	39,492	18,531	-	411,632	506,047
Additions	2,369	-	8,016	-	49,684	60,069
Depreciation expense	(7,569)	(1,639)	(10,583)	-	(184,939)	(204,730)
Balance at 30 June 2018	31,192	37,853	15,964	-	276,377	361,386

ACCOUNTING POLICY FOR 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 a reducing balance basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

	Depreciation Rate
Plant and equipment	20% - 50%
Furniture, fixtures and fittings	10% - 50%
Computer equipment	50%
Office equipment	25%
Right-of-use assets - property leases	Lease term

DEPRECIATION OF RIGHT-OF-USE ASSETS

If the lease transfers ownership of the underlying asset to the company by the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise a purchase option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the company depreciates the right-of-use asset 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 residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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.

NOTE 13. NON-CURRENT ASSETS - INTANGIBLES

	2018 $	2017 $
Goodwill - at cost	16,016,577	16,016,577
Less: Impairment	(16,016,577)	-
	-	16,016,577
Patents, trademarks and other rights - at cost	6,413	6,413
Web development - at cost	1,388,617	1,074,445
Less: Accumulated amortisation	(602,002)	(298,210)
	786,615	776,235
Software - at cost	2,518,492	1,940,165
Less: Accumulated amortisation	(1,329,565)	(863,317)
	1,188,927	1,076,848
	1,981,955	**17,876,073**

RECONCILIATIONS

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

	Goodwill $	Patents, trademarks and other rights $	Web Development Costs $	Software $	Total $
Balance at 1 July 2016	16,016,577	6,413	691,842	784,893	17,499,725
Additions	-	-	284,382		
Amortisation expense	-	-	(199,989)		
Balance at 30 June 2017	16,016,577	6,413	776,235	1,076,848	17,876,073
Additions	-	-	314,172	578,327	892,499
Impairment of assets	(16,016,577)	-	-	-	(16,016,577)
Amortisation expense	-	-	(303,792)	(466,248)	(770,040)
Balance at 30 June 2018	**-**	**6,413**	**786,615**	**1,188,927**	**1,981,955**

The company undertook an assessment of the recoverable amount of goodwill at 30 June 2018, and as a result of this assessment, the Directors have determined to fully impair the goodwill amount of $16,016,577. The reasons for impairment of goodwill are principally due to the cancellation of the Covermore contract in the 2018 financial year and decrease in sales volume in the Global SIM business.

ACCOUNTING POLICY FOR 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.

RESEARCH AND DEVELOPMENT

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

SOFTWARE AND WEB DEVELOPMENT COSTS

Significant costs associated with software and web development costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

NOTE 14. NON-CURRENT ASSETS - DEFERRED TAX

	2018 $	2017 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	397,713
Employee benefits	-	52,423
Accrued expenses	-	35,809
Other	-	1,892
Formation expenses	-	265,368
Provision for doubtful debt	-	9,415
Deferred tax asset	-	762,620
Movements:		
Opening balance	762,620	549,152
Credited/Charged to profit or loss (note 7)	(762,620)	213,468
Closing balance	**-**	**762,620**

NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade payables	486,954	755,672
Interest payable	2,295	21,050
GST payable	-	363,493
Other payables	127,235	433,288
	616,484	**1,573,503**

Refer to note 23 for further information on financial instruments.

ACCOUNTING POLICY FOR 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.

NOTE 16. CURRENT LIABILITIES - BORROWINGS

	2018 $	2017 $
Promissory note - related party	315,454	811,679
Lease liability	190,250	180,544
	505,704	**992,223**

Refer to note 23 for further information on financial instruments.
Refer to note 19 for further information on assets pledged as security and financing arrangements.

PROMISSORY NOTE - RELATED PARTY

The company issued a promissory note to ULG Holdings Limited, a director related entity, amounting to $1,016,650 in relation to amounts payable by the wholly owned subsidiary, United Global SIM Limited. The promissory note is secured under a General Security Agreement and interest is charged at the average bid rate for bills plus a margin of 3%

NOTE 17. CURRENT LIABILITIES - PROVISIONS

	2018 $	2017 $
Annual leave	119,331	114,786
Long service leave	28,484	14,265
	147,815	**129,051**

ACCOUNTING POLICY FOR 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.

NOTE 18. NON-CURRENT LIABILITIES - BORROWINGS

	2018 $	2017 $
Lease liability	**87,188**	**231,088**

Refer to note 23 for further information on financial instruments.

TOTAL SECURED LIABILITIES

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

	2018 $	2017 $
Lease liability	277,438	411,632
Promissory note - related party	315,454	811,679
	592,892	**1,223,311**

ACCOUNTING POLICY FOR 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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

NOTE 19. NON-CURRENT LIABILITIES - DEFERRED TAX

	2018 $	2017 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	274,856	126,331
Other	309,616	217,347
Deductible temporary differences offset against taxable temporary differences	(584,472)	-
Deferred tax liability	-	343,678
Movements:		
Opening balance	343,678	188,897
Charged/(Credited) to profit or loss (note 7)	(343,678)	154,781
Closing balance	**-**	**343,678**

NOTE 20. EQUITY - ISSUED CAPITAL

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	125,824,949	125,824,949	24,278,800	24,278,800

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	$
Balance	1 Jul 2016	90,157,449		17,777,025
Issue of shares - Initial Public Offering	12 January 2017	35,667,500	$0.200	7,133,500
Share issue costs		-	$0.000	(631,725)
Balance	**30 Jun 2017**	**125,824,949**		**24,278,800**
Balance	**30 Jun 2018**	**125,824,949**		**24,278,800**

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.

INITIAL PUBLIC OFFERING

On 12 January 2017, the company was admitted to the official list of the Australian Securities Exchange (ASX). The settlement of the issue or transfer of shares as part of the company's initial public offering on 12 January 2017 resulted in the issue of 35,667,500 ordinary shares at the offer price of 20 cents per ordinary share. Transaction costs of $631,725 were recognised directly in equity which represents the portion of transaction costs attributable to the issuance of new shares. Transaction costs of $444,703 attributable to the listing were recognised in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2017.

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 capital risk management policy remains unchanged from the 2017 Annual Report.

The consolidated entity monitors capital on the basis of its working capital position (i.e. liquidity risk). The net working capital of the consolidated entity at 30 June 2018 was $653,387 (2017: $3,608,175).

ACCOUNTING POLICY FOR ISSUED CAPITAL

Ordinary shares are classified as equity.

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

NOTE 21. EQUITY - ACCUMULATED LOSSES

	2018 $	2017 $
Accumulated losses at the beginning of the financial year	(2,100,651)	(1,063,474)
Loss after income tax (expense)/benefit for the year	(19,268,609)	(1,037,177)
Accumulated losses at the end of the financial year	(21,369,260)	(2,100,651)

NOTE 22. EQUITY - DIVIDENDS

DIVIDENDS

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

FRANKING CREDITS

	2018 $	2017 $
Franking credits available for subsequent financial years based on a tax rate of 27.5%	22,925	22,925

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

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. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

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. Most of the consolidated entity's transactions are denominated in Australian Dollars.

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. These exposures are not significant.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

		2018		2017
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Promissory note	4.87%	315,454	4.72%	811,679
Net exposure to cash flow interest rate risk		315,454		811,679

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 (2017: 100) basis points would have an adverse/favourable effect on profit before tax of $3,155 (2017: $8,117) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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 strict code of credit, including obtaining agency credit information, 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 no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'Trade and other receivables' is considered to be the main source of credit risk for the consolidated entity. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

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.

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.

2018	Not later than 1 month $	1 - 3 months $	3 months to 1 year $	1 to 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade and other payables	616,484	-	-	-	616,484
Interest-bearing					
Promissory note	-	-	315,454	-	315,454
Lease liability	15,442	30,747	144,061	87,188	277,438
Total non-derivatives	**631,926**	**30,747**	**459,515**	**87,188**	**1,209,376**

2017	Not later than 1 month $	1 - 3 months $	3 months to 1 year $	1 to 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade and other payables	1,573,503	-	-	-	1,573,503
Interest-bearing					
Promissory note	-	-	811,679	-	811,679
Lease liability	13,737	27,336	139,471	231,088	411,632
Total non-derivatives	**1,587,240**	**27,336**	**951,150**	**231,088**	**2,796,814**

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. 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:

	2018 $	2017 $
Short-term employee benefits	762,117	758,014
Post-employment benefits	66,482	56,951
Long-term benefits	14,574	(2,524)
	843,173	**812,441**

NOTE 25. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Rothsay Chartered Accountants, the auditor of the company:

	2018 $	2017 $
Audit services - Rothsay Chartered Accountants		
Audit or review of the financial statements	61,000	71,000
Other services - Rothsay Chartered Accountants		
Taxation services	35,142	35,080
IPO due diligence	-	43,830
Other advisory services	5,500	-
	40,642	78,910
	101,642	**149,910**

NOTE 26. RELATED PARTY TRANSACTIONS

LEGAL PARENT ENTITY

United Networks Limited is the parent entity.

ACCOUNTING PARENT ENTITY

United Lifestyle Group Networks Pty Ltd is the accounting parent of the group.

SUBSIDIARIES

Interests in subsidiaries are set out in note 28.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	2018 $	2017 $
Sale of goods and services:		
Sale of goods to other related party	84,242	259,624
Sale of services to other related party	51,489	185,992
Payment for goods and services:		
Payment for services from other related party	372,617	445,130
Payment for other expenses:		
Interest paid to other related party	23,021	-

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

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

	2018 $	2017 $
Current receivables:		
Trade receivables from other related party	58,622	94,167
Current payables:		
Trade payables to other related party	10,279	6,622

LOANS TO/FROM RELATED PARTIES

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2018 $	2017 $
Current receivables:		
Loan to director related entity	-	1,905
Current borrowings:		
Promissory note - director related entity	315,454	811,679

TERMS AND CONDITIONS

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

NOTE 27. PARENT ENTITY INFORMATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent	
	2018 $	2017 $
Profit/(loss) after income tax	(8,676,223)	12,494
Total comprehensive income	(8,676,223)	12,494

STATEMENT OF FINANCIAL POSITION

	Parent	
	2018 $	2017 $
Total current assets	500,017	9,135,491
Total assets	500,311	9,898,470
Total current liabilities	(1,332)	376,925
Total liabilities	(1,332)	720,603
Equity		
Issued capital	9,163,750	9,163,750
Retained profits/ (accumulated losses)	(8,662,107)	14,117
Total equity	**501,643**	**9,177,867**

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

LEGAL PARENT ENTITY DISCLOSURES

The above information has been extracted from the books and records of the legal parent entity, United Networks Limited. Accordingly, the information does not relate to the 'accounting parent' - United Lifestyle Group Networks Pty Ltd.

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.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 28. INTERESTS IN SUBSIDIARIES

United Networks Ltd is the legal parent entity of the group and United Lifestyle Group Networks Pty Ltd is the accounting parent entity.

		Ownership interest	
Name	Principal place of business / Country of incorporation	2018 %	2017 %
United Lifestyle Group Networks Pty Ltd	Australia	100.00%	100.00%
United Networks Ltd	Hong Kong	100.00%	100.00%
United SIM Canada Limited	Canada	100.00%	100.00%
United Networks Operations Limited	Hong Kong	100.00%	100.00%
United Global SIM Limited*	Hong Kong	100.00%	100.00%

** Subsidiary of United Lifestyle Group Networks Pty Ltd*

NOTE 29. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2018 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 30. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2018 $	2017 $
Loss after income tax benefit for the year	(19,268,609)	(1,037,177)
Adjustments for:		
Depreciation and amortisation	974,770	741,455
Impairment of goodwill	16,016,577	-
Net gain on disposal of property, plant and equipment	-	(12,733)
Transaction costs attributable to the listing	-	444,703
Other	-	6,405
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,521,903	(476,122)
Decrease/(increase) in inventories	41,075	(74,525)
Decrease/(increase) in deferred tax assets	762,620	(213,468)
Increase in prepayments	(44,378)	(14,900)
Decrease in other operating assets	-	264,594
Increase/(decrease) in trade and other payables	(957,019)	(121,618)
Increase/(decrease) in provision for income tax	-	(22,924)
Increase/(decrease) in deferred tax liabilities	(343,678)	154,781
Increase in employee benefits	18,764	12,206
Increase in other operating liabilities	-	43,801
Net cash used in operating activities	**(1,277,975)**	**(305,522)**

NOTE 31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loan - related party $	Promissory note $	Lease liability $	Total $
Balance at 1 July 2016	787,331	1,016,650	616,605	2,420,586
Net cash used in financing activities	(787,331)	(204,971)	(77,851)	(1,070,153)
Right of use assets - property leases	-	-	140,387	140,387
Other changes	-	-	(267,509)	(267,509)
Balance at 30 June 2017	-	811,679	411,632	1,223,311
Net cash used in financing activities	-	(496,225)	(183,878)	(680,103)
Right of use assets - property leases	-	-	49,684	49,684
Balance at 30 June 2018	**-**	**315,454**	**277,438**	**592,892**

NOTE 32. EARNINGS PER SHARE

	2018 $	2017 $
Loss after income tax attributable to the owners of United Networks Limited	(19,268,609)	(1,037,177)

	2018 $	2017 $
Weighted average number of ordinary shares used in calculating basic earnings per share	125,824,949	106,769,709
Weighted average number of ordinary shares used in calculating diluted earnings per share	125,824,949	106,769,709

	Cents	Cents
Basic earnings per share	(15.31)	(0.97)
Diluted earnings per share	(15.31)	(0.97)

ACCOUNTING POLICY FOR EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of United Networks 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.

NOTE 33. SHARE-BASED PAYMENTS

EMPLOYEE SHARE OPTION PLAN

On 17 November 2015 the company established a employee share option plan to provide eligible employees with a means of receiving options to subscribe for shares and a means of receiving rights to receive shares. Eligible employees includes:

a) an employee, director or secretary of the company or any subsidiary of the company;

b) and a contractor, consultant, agent, advisor other person retained, engaged or nominated by company or any subsidiary of the company.

The purpose of the plan is to provide eligible employees with an opportunity to share in the growth in value of the company and to encourage them to improve the longer-term performance of the company and its return to shareholders. Participation in the plan is at the Board of Director's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The Board has the discretion to determine the exercise price of the options and any exercise conditions. Unless otherwise determined by the Board, no payment is required for the grant of options or rights under the plan. Options granted under the plan carry no dividend or voting rights.

On 1 July 2016, a total of 14,000,000 options were granted to the company's Directors. The options vest on 1 July 2018, are exercisable at 30 cents and expire on 11 November 2021. There are no performance conditions attaching to these options. The fair value of the options granted was $nil.

OTHER SHARE-BASED PAYMENTS

On 2 November 2016, the Board granted 1,000,000 options at an exercise price of 30 cents per option to the Lead Manager in relation to the company's initial public offer of shares (IPO). The options were granted as more than $5 million was raised in the IPO. The options vest on 2 November 2019 and expire on 2 November 2021. The fair value of the options granted was $nil.

On 11 November 2016, the Board granted 1,000,000 options at an exercise price of 30 cents per option to the Corporate Adviser in consideration for consultancy services in relation to the company's initial public offer of shares (IPO). The options were granted as more than $5 million was raised in the IPO. The options vest on 11 November 2018 and expire 11 November 2021.The fair value of the options granted was $nil.

There were no options or rights issued under the plan during the 2018 financial year.

Set out below are summaries of options granted:

2018

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
01/07/2016	11/11/2021	$0.300	14,000,000	-	-	-	14,000,000
02/11/2016	02/11/2021	$0.300	1,000,000	-	-	-	1,000,000
11/11/2016	11/11/2021	$0.300	1,000,000	-	-	-	1,000,000
			16,000,000	-	-	-	16,000,000
Weighted average exercise price			$0.300	$0.000	$0.000	$0.000	$0.300

2017

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
01/07/2016	11/11/2021	$0.300	14,000,000	-	-	-	14,000,000
02/11/2016	02/11/2021	$0.300	1,000,000	-	-	-	1,000,000
11/11/2016	11/11/2021	$0.300	1,000,000	-	-	-	1,000,000
			16,000,000	-	-	-	16,000,000
Weighted average exercise price			$0.300	$0.000	$0.000	$0.000	$0.300

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.37 years (2017: 4.37 years).

Options were priced using a Black-Scholes pricing model. Expected volatility was based on an evaluation of the historical volatility of other comparable companies based on publicly available information. Options were assumed to be exercised in full on the date of expiry.

The total share based payments expense for the year was $nil (2017: $nil).

ACCOUNTING POLICY FOR SHARE-BASED PAYMENTS

Equity-settled and cash-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 either the Binomial or 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

DIRECTORS' DECLARATION

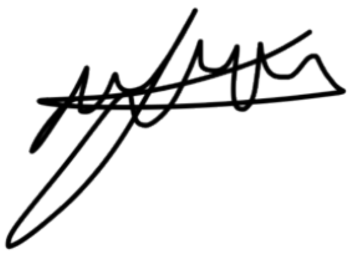
In the directors' opinion:

- 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 2018 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



Nicholas Ghattas
Managing Director
26 September 2018
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED NETWORKS LIMITED

ROTHSAY
CHARTERED ACCOUNTANTS

UNITED NETWORKS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of United Networks Limited

Opinion

We have audited the financial report of United Networks Limited ("United") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash 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 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 2018 and of its performance for the year ended on that date; 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 as 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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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

Material Uncertainty Related to Going concern

For the year ended 30 June 2018 the Group incurred a loss after income tax of $19,268,609 (2017: $1,037,177) and net cash outflows from operating activities of $1,277,975 (2017: $305,522). The net operating loss after tax for the financial year ended 30 June 2018, excluding the impairment of goodwill of $16,016,577 and the write back of the net deferred tax asset of $418,942, was $2,833,090. The recurring operating historical losses and net cash outflows from operating activities give rise to uncertainty that may cast doubt about the ability of the Group to continue as a going concern.

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ABN 59 087 479 410

The company has recently announced a new key partner contract and reduced overheads to align with the current business revenue and the new contract announced. Overhead reductions in excess of $1.2 million were implemented in the last two quarters of the 2018 financial year, with further reductions implemented to wages and rent costs in July 2018 and August 2018 resulting in a total overhead reduction of over $1.5 million.

The increase in the operating loss before impairment of goodwill and write back of the net deferred tax asset, was significantly due to the cancellation of the Covermore contract in the 2018 financial year. Despite the impairment, the global sim product continues to generate revenues and the business has launched new global partners who have launched the Wi-Fi and Insuretech solutions.

Refer to Note 1 to the consolidated financial statements for the Directors' mitigation of going concern uncertainty.

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.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Impairment of Goodwill The Group had $16,016,577 of goodwill which is required to be tested annually for impairment. As disclosed in Note 2 of the financial report, during the current financial year, a key customer of the group terminated an agreement which could significantly impact the Group. An impairment assessment made by management over the Group's goodwill balance is a key audit matter as it incorporates significant judgments in respect of factors such as forecast cash flows, growth rates and discount rates as well as economic assumptions such as inflation.	Our procedures included: • Assessing management's determination of the Group's CGUs based on our understanding of the group. We also compared this to the internal reporting of the group to assess how revenue is reported. • Evaluating management's cash flow forecast along with the assumptions and methodologies used. We also took into consideration the results of the current year actual results to the prior forecasts to assess management's ability to accurately forecast results. • Evaluating the assessment performed by the Group's expert to ensure the methodology appeared reasonable and the assumptions noted in management's forecasts were accurately reflected. • Reviewing the discounting applied to determine if it was reasonable in the current market and reflective of the rate of interest the Group would be able to obtain finance if required. • Verifying the calculations for mathematical accuracy and considered the sensitivity of the calculation by varying the assumptions and applying other values within a reasonable range. • Reviewing the disclosures in the financial report to ensure they complied with Australian Accounting Standards.

Responsibility of Directors for the Financial Report

The directors of the Group 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 based on the financial report.

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

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

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

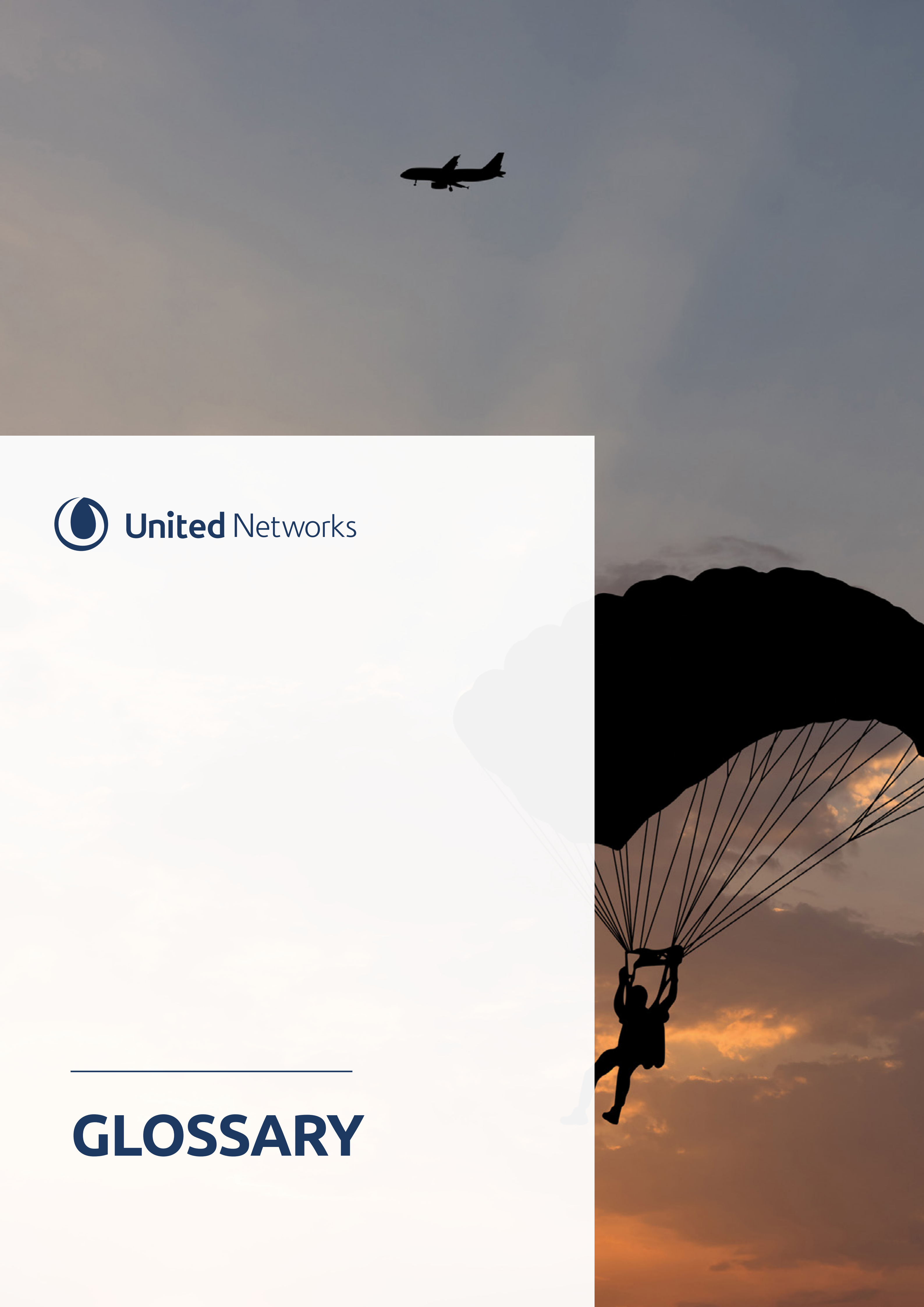
We have audited the Remuneration Report included in pages 6 to 11 of the Directors' Report for the year ended 30 June 2018. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of United Networks Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 26 September 2018



GLOSSARY

GLOSSARY

$, A$
Australian Dollar

AASB
Australian Accounting Standards Board.

ACCEPTANCE
The percentage of customers that ordered a SIM after being made a offer by our partners from the EDM by a direct online link or over the phone order

ACTIVATION
Refers to the registering and loading of funds onto a Global SIM card or Wi-Fi Pass

API
Application Protocol Interface

APP SECURITIES OR LEAD MANAGER
APP Securities Pty Limited (ABN 45 112 871 842)

APPS
A self-contained program or piece of software designed to fulfil a particular purpose; an application, especially as downloaded by a user to a mobile device.

ASX
ASX Limited (ACN 008 624 691) or the stock exchange which it operates, as the context requires.

AUTOPILOT CONSULTING OR APC
Autopilot Consulting Pty Ltd (ACN 136 984 186)

AVENUE INVESTMENTS AUSTRALIA
Avenue Investments Australia Family Trust (ABN 13 402 363 010)

AVERAGE CREDIT ADDED
Average Credited loaded to the SIM card in both Credit Add and Data Bundles this is also termed as the Average Revenue Per User (ARPU)

AVERAGE REVENUE PER USER (ARPU)
Also referred to as Average credit added

B2C
Business to Consumer

BIG DATA ANALYTICS
The process of examining a large data set to obtain information that can be used for business intelligence

BOARD OR BOARD OF DIRECTORS
The board of directors of the Company

CMS
Content Management System

THE COMPANY
United Networks Limited (ACN 607 921 246).

CONSTITUTION OR COMPANY CONSTITUTION
The company's constitution specifies the rules governing the relationship between and activities of the Company, its Directors and Shareholders.

CORPORATIONS ACT
The Corporations Act 2001 (Cth.)

CRM
Customer Relationship Management

CUSTOMER
A customer or partner of United which United directly sell products to.

CUSTOMER ENGAGEMENT ECOSYSTEM
United's proprietary platform, we enable our enterprise partners to connect and engage with their end users through a variety of products and services all integrated within.

DOS
Denial of Service Attacks

DIRECTORS
Anthony Ghattas, Nicholas Ghattas and Charbel Nader

EBIT
Earnings before interest and tax

EBITDA
Earnings before interest, tax, depreciation and amortisation

EDM
Electronic Direct Marketing

END USER
A user of the products. These are both direct customers from United and United's Customers' customer.

ENTERPRISE CUSTOMER OR PARTNER
A customer offering United's solution to its customers as white label solutions or otherwise.

FAIR WORK ACT
Fair Work Act 2009 (CTH) as amended from time to time.

FINANCIAL INFORMATION
Historical Financial Information and any other Financial Information disclosed in this document.

FINANCIER ULG and ULGH FOUNDERS OR DIRECTOR RELATED SHAREHOLDERS
APC and Temont

FLIGHT DELAY INSURANCE
United Networks new Flight Delay Insurance. Product launch in conjunction with Chubb & Swiss Re

FY
Financial Year

GAP (NEWLY BRANDED AS TRUST)
Global Access Portal, which is United's proprietary cloud-based multi layered Customer Relationship Management (CRM) platform servicing United's products, partners and their end customers.

GHATTAS FAMILY TRUST
Ghattas Family Trust Australia (ABN 38 687 647 255)

GROUP
The Company and its subsidiaries

GSMA
Refers to the GSM Association www.gsma.com

GST

Has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (Cth) and includes goods and services tax.

HALL CHADWICK OR HC OR CORPORATE ADVISOR

HC Management Pty Ltd (ABN 16 169 916 885)

HIN

Holder Identification Number

INDEPENDENT AUDITOR'S REPORT

Rothsay Chartered Accountants (ABN 59 087 479 410)

IPO

Initial Public Offering

KEY ENTERPRISE PARTNERS

Refers to our partnerships with major customers; Cover-More Insurance and Chubb Travel Insurance and partners of these businesses.

LOCATION-BASED SERVICES (LBS)

Location-based services are services that locate knowledge about where a service user, typically someone with a mobile information device, is located.

NETWORK OPERATOR

Is the owner and provider of mobile network services

OFFERS

Number of Global SIM and Wi-Fi offers made to eligible partner and direct customers

PCI COMPLIANCE

The Payment Card Industry Data Security Standard (PCI DSS) is a proprietary information security standard for organisations that handle branded credit cards from the major card schemes including Visa, MasterCard, American Express. Being PCI compliant is a means of building customers' trust and protecting business against damaging leaks of confidential customer information.

RMA COMMITTEE

Risk Management and Audit Committee consisting of Charbel Nader, Anthony Ghattas and Nicholas Ghattas

ROTHSAY ACCOUNTING

Rothsay Accounting Services Pty Ltd

SEKEL GRINBERG

Sekel Grinberg Lawyers (ABN 85 139 760 857)

SHARE REGISTRY

Advanced Share Registry Limited (ABN 14 127 175 946)

SHAREHOLDER

The registered holder of a Share.

SHARES

Fully paid ordinary shares in the capital of the Company

SIM

Subscriber Identity Module cards that contain a smart chip with memory that allows for data storage and software applications in mobile devices

SOS ALERTS

United's product launched in January 2018 which alerts customers of emergency events

SUBSCRIBERS
The number of active SIM and or Wi-Fi Passes in the market rather than individual users.

TEMONT
Temont Pty Ltd (ACN 113 724 324) as trustee for Ghattas Family Trust Australia.

TRUST PLATFORM
The United Networks customer connectivity engagement & payments platform.

UGS
United Global SIM Limited (Hong Kong company ARBN 610 038 509)

ULGH
ULG Holdings Ltd (foreign company ABN 41 606 136 789)

ULGN
United Lifestyle Group Networks Pty Ltd (ACN 139 763 830)

UNH
United Networks Hong Kong Limited (Hong Kong Company #2283333)

UNL, UNITED NETWORKS LIMITED/ UNITED
The Company or the Group as the context requires

UNO
United Networks Operations Limited (Hong Kong company ABN 48 610 395 358)

WI-FI HOTSPOT
A Wi-Fi Hotspot is a physical location where people may connect to the Internet via a Wi-Fi connection

WHITE-LABEL PARTNERS
The Enterprise and Key Enterprise Partners that United brands SIM cards for

WHITE-LABELLING
Refers to the partner full-branding and co-branding of Global SIM, Wi-Fi and/or other products provided by United

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shareholders@unitednetworks.net.au

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