WILKINSON) BARKER) KNAUER) LLP

1800 M STREET, NW
SUITE 800N
WASHINGTON, DC 20036
TEL 202.783.4141
FAX 202.783.5851
WWW.WBKLAW.COM
PHILLIP R. MARCHESIELLO
202.783.4141
PMARCHESIELLO @WBKLAW.COM

July 9, 2021

BY ELECTRONIC FILING

Reese McAlister
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, Georgia 30334-9052

Re: *Joint Application of Gary Jabara Revocable Trust and BAI Communications US Holdings II LLC for Authority to Transfer Indirect Control of Mobilitie, LLC*

Dear Mr. McAlister:

On behalf of the Gary Jabara Revocable Trust, BAI Communications US Holdings II LLC, and Mobilitie, LLC, please find enclosed for filing the Joint Application for Authority to Transfer Indirect Control of Mobilitie, LLC ("Application"). Exhibits B and D are considered Trade Secret Information by Applicants and are, therefore, filed under seal with requests for confidential treatment.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance in this matter.

Respectfully submitted,

/s/ Phillip R. Marchesiello
Phillip R. Marchesiello
Counsel for Gary Jabara Revocable Trust and Mobilitie, LLC

Attachments

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

Joint Application of **Gary Jabara Revocable Trust**, *Transferor* and **BAI Communications US Holdings II LLC**, *Transferee* For Authority to Transfer Indirect Control of **Mobilitie, LLC** *Licensee*	))))))))))))))))	Docket No. 32466

JOINT APPLICATION

Consistent with O.C.G.A. §§ 46-5-41, 46-5-168, and Chapter 515-6 of the Rules of the Georgia Public Service Commission ("Commission"), the Gary Jabara Revocable Trust ("Transferor"), Mobilitie, LLC ("Mobilitie"), and BAI Communications US Holdings II LLC ("US Holdings II" or "Transferee" and together with Transferor and Mobilitie, the "Applicants") hereby respectfully request the approval of the Commission, to the extent required, to consummate a transaction ("Transaction") that will result in an indirect change of control of Mobilitie. As a result of the Transaction, Mobilitie will be an indirect, wholly owned subsidiary of Transferee, which is ultimately controlled by Frequency Infrastructure Australia Holdings Pty Ltd ("FIAHPL"), the holding company for the BAI Communications Group of companies ("BAI Communications Group").

The proposed, indirect transfer of control will occur at the parent level, will not affect the day-today management or operations of Mobilitie, and does not involve an assignment of operating authority, assets, or customers. In addition, consummation of the Transaction will serve the public interest by providing additional capital and managerial resources to Mobilitie and its affiliates, which will enhance their ability to maintain and improve their network facilities and services to enable Mobilitie to better compete in the communications marketplace.

In support of this Joint Application, the Applicants respectfully submit the following information:

I. DESCRIPTION OF THE APPLICANTS

A. Mobilitie, LLC and Transferor

Mobilitie, LLC is a Nevada limited liability company headquartered at 660 Newport Center Drive, Suite 200, Newport Beach, California 92660.[1] As depicted in Exhibit A hereto, Mobilitie currently is 99.9% owned by Mobilitie Holdings, L.P. ("Mobilitie Holdings"), a Delaware limited partnership, and 0.1% owned by Mobilitie Holdings, Inc. ("Mobilitie Inc."), a Delaware corporation and the general partner of Mobilitie Holdings. Each of Mobilitie Holdings and Mobilitie Inc. are, in turn, owned and controlled by the Transferor, a trust established under California law for estate planning purposes.

Mobilitie is a leading provider of innovative infrastructure solutions designed to improve wireless service at the largest and most complex venues across all major industries, including sports and entertainment, real estate, hospitality, education, healthcare, government and transportation. Through its team of experienced engineers and professionals, and in conjunction with its affiliates, Mobilitie designs, builds, manages and maintains wireless and wireline infrastructure solutions, including neutral host distributed antenna systems, small cell systems, and WiFi networks.

[1] *See* Mobilitie: Intelligent Infrastructure, *http://www.mobilitie.com/*.

Mobilitie holds a Certificate No. L-0493 and is permitted to resell and provide facilities-based competitive local exchange services.[2]

A consolidated balance sheet and consolidated income statement for Mobilitie (and subsidiaries), each dated December 31, 2020, are attached as Exhibit B and filed under seal with a request for confidential treatment.

B. BAI Communications US Holdings II LLC and Frequency Infrastructure Australia Holdings Pty Ltd.

Transferee US Holdings II, a Delaware limited liability company headquartered at 1400 Broadway, New York, New York 10018, is a holding company created for the purposes of the Transaction. Transferee is 100% owned indirectly by FIAHPL, a proprietary limited liability company incorporated in the State of Victoria, Australia on March 28, 2009. FIAHPL is the holding company for the BAI Communications Group and its registered office is Level 10, Tower A, 799 Pacific Highway, Chatswood, NSW 2067, Australia.

The BAI Communications Group designs, builds, and operates communications infrastructure including cellular, Wi-Fi, broadcast, radio, and IP networks. The BAI Communications Group builds and/or operates communications networks deployed in the transit subways in New York (through its majority-owned subsidiary Transit Wireless, LLC), Toronto, and Hong Kong, and operates in Australia one of the most extensive broadcast transmission networks in the world. In the United Kingdom, the BAI Communications Group was recently awarded a concession from Transport for London to deploy wireless coverage in the London Underground and small cell and other wireless network infrastructure throughout London.

---

[2] *See* Docket No. 32466, Application of Mobilitie, LLC for a Certificate of Authority to Resell and Provide Facilities-Based Competitive Local Exchange Services (Dec. 21, 2010).

US Holdings II LLC is a privately held limited liability company for which public financial disclosures are not available. In addition, US Holdings II LLC is a management company and will not be capitalized. For these reasons, no audited or unaudited public financial statements for US Holdings II LLC exist. However, the 2019-2020 financial statements of FIAHPL, which will wholly finance Licensee's post-closing operations in Georgia, are attached as Exhibit C.

II. DESCRIPTION OF THE TRANSACTION

Pursuant to an Investment Agreement dated June 25, 2021 ("Agreement"), Transferee will indirectly acquire ownership and control of Mobilitie and its subsidiaries from the Transferor. Specifically, Transferee will acquire 100% of the partnership interests of Mobilitie Holdings, which currently holds 99.9% of the membership interests of Mobilitie.[3] Transferee also will acquire from Mobilitie Inc. the remaining 0.1% membership interest in Mobilitie. As a result, upon consummation of the Transaction, Mobilitie Holdings will become an indirect, wholly owned subsidiary of Transferee, and Transferee – and ultimately, FIAHPL – will indirectly wholly own and control Mobilitie. Exhibit A includes pre-closing and post-closing organizational diagrams illustrating the current and proposed post-Transaction ownership of Mobilitie. A copy of the Agreement is attached as Exhibit D and filed under seal with a request for confidential treatment.

[3] As reflected in the structure chart attached as Exhibit A, BAI Communications US Holdings III LLC will be created post-closing and inserted into the Licensee's controlling ownership chain post-closing for structuring purposes. US Holdings II will hold approximately 97% of the membership interests of BAI Communications US Holdings III LLC. BAI Communications US Holdings III LLC is not a party to the Agreement.

III. PUBLIC INTEREST CONSIDERATIONS

The proposed Transaction will serve the public interest. The indirect change in ultimate control of Mobilitie will occur at the parent level only, and it will not involve any assignment of operating authority, assets, or customers. Mobilitie's current highly experienced and well-qualified management, technical, and operational teams will continue to be responsible for the day-to-day operation of Mobilitie's business following completion of the Transaction. As a result of the Transaction, however, Mobilitie will, under the ownership and control of FIAHPL, newly be able to draw upon the expertise and decades of experience of FIAHPL with respect to communications infrastructure and management. The Transaction will also strengthen then financial position of Mobilitie, which will have increased access to financial resources resulting from FIAHPL's ownership of Mobilitie through its subsidiary, the Transferee.

The financial, management, and other resources made available to Mobilitie will enhance its networks and services to the benefit of its customers. Further, the Transaction will not result in any discontinuance of service or adversely affect competition. The Transaction will not result in a change of provider for any customers or any assignment of existing Commission authorizations. Therefore, the Transaction will be seamless to customers, who will continue to receive the same services at the same rates, terms, and conditions and in the same geographic areas as today. It also will not affect Mobilitie's vendors or vendor contracts. In addition, the proposed Transaction will not adversely affect competition because it will not result in any reduction in the number of competitors serving the market. Indeed, customers will continue to have access to the same competitive alternatives that they have today. Moreover, the Transaction will have no negative effect on the capitalization or financial condition of Mobilitie.

IV. DESIGNATED CONTACTS

All correspondence and communications with respect to this Joint Application should be addressed or directed as follows:

<u>For the Transferor and Mobilitie:</u>

Phillip R. Marchesiello
Karen L. Milne
Wilkinson Barker Knauer, LLP
1800 M Street, NW
Suite 800N
Washington, DC 20036
Tel.: (202) 783-4141
Fax: (202) 783-5851
pmarchesiello@wbklaw.com
kmilne@wbklaw.com

<u>For the Transferee:</u>

Matthew A. Brill
Alexander L. Stout
Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004-1304
Tel: (202) 637-2200
Fax: (202) 637-2201
matthew.brill@lw.com
alexander.stout@lw.com

V. CONCLUSION

For the foregoing reasons, the Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by the expeditious grant of this Joint Application for the transfer of indirect ownership and control of Mobilitie to US Holdings II.

Respectfully submitted,

/s/ Phillip R. Marchesiello
Phillip R. Marchesiello
Karen L. Milne
Wilkinson Barker Knauer, LLP
1800 M Street, NW
Suite 800N
Washington, DC 20036
Tel.: (202) 783-4141
Fax: (202) 783-5851
pmarchesiello@wbklaw.com
kmilne@wbklaw.com

Counsel to the Gary Jabara Revocable Trust and Mobilitie, LLC

/s/ Matthew A. Brill
Matthew A. Brill
Alexander L. Stout
Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004-1304
Tel: (202) 637-2200
Fax: (202) 637-2201
matthew.brill@lw.com
alexander.stout@lw.com

Counsel for BAI Communications US Holdings II LLC

July 9, 2021

TABLE OF EXHIBITS

EXHIBIT A	Pre-closing and post-closing organizational diagrams
EXHIBIT B	Consolidated balance sheet and consolidated income statement of Mobilitie LLC (and subsidiaries), each dated December 31, 2020 **Trade Secret Information Filed Under Seal**
EXHIBIT C	Financial Statements of FIAHPL
EXHIBIT D	Copy of the Investment Agreement dated June 25, 2021 **Trade Secret Information Filed Under Seal**
VERIFICATIONS	Verifications of Gary Jabara (Gary Jabara Revocable Trust and Mobilitie, LLC) and John Mackay (BAI Communications US Holdings II LLC)

<u>EXHIBIT A</u>

PRE- AND POST-CLOSING ORGANIZATIONAL CHARTS

PRE-CLOSING OWNERSHIP STRUCTURE

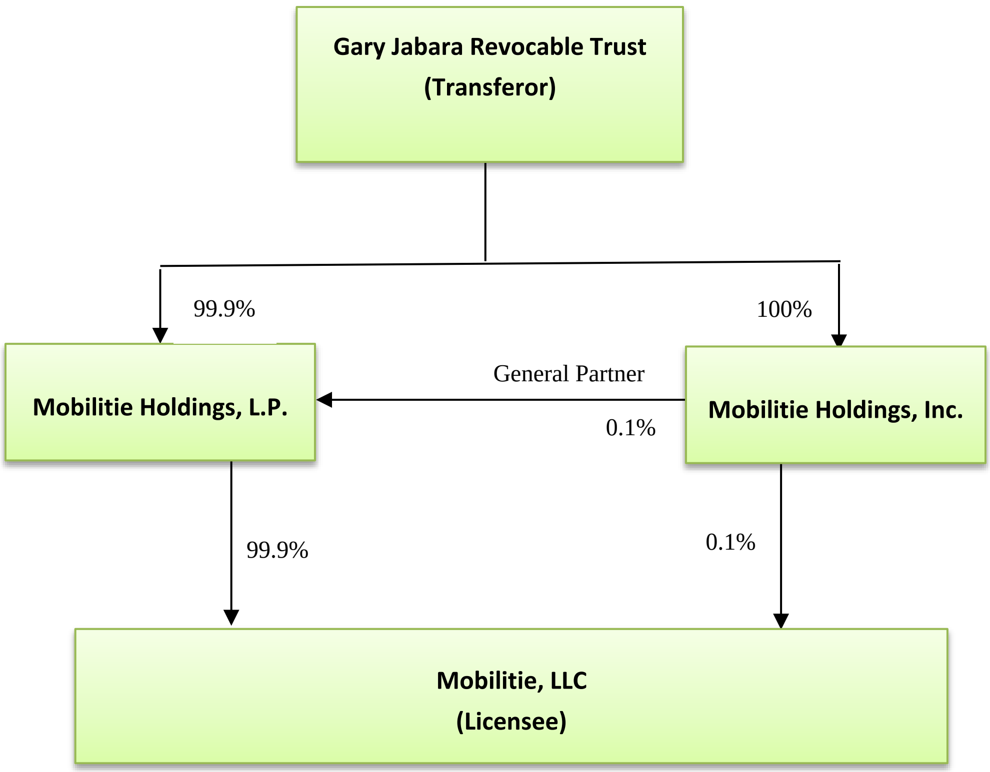
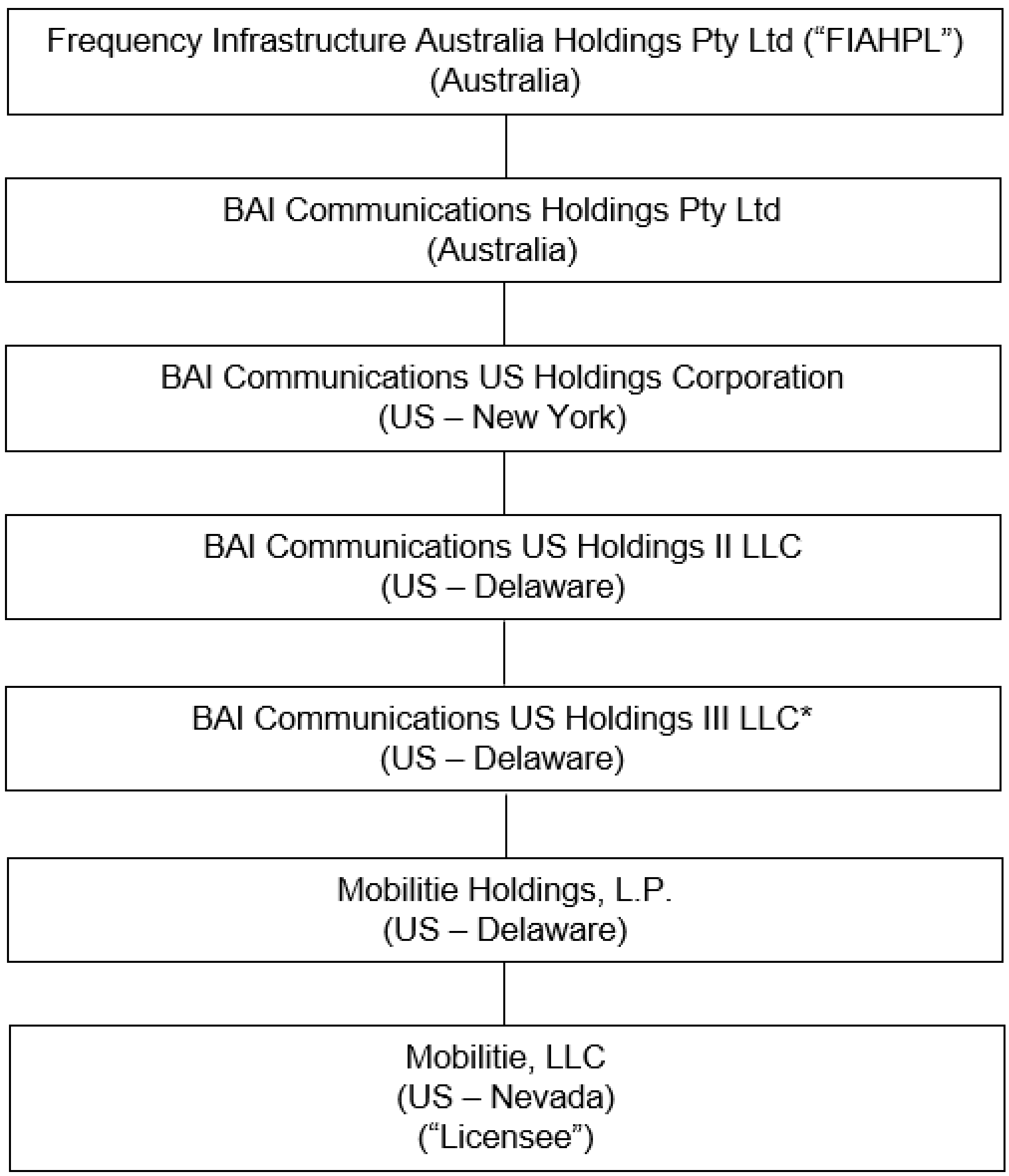


EXHIBIT A (cont.)

PRE- AND POST-CLOSING ORGANIZATIONAL CHARTS

POST-CLOSING OWNERSHIP STRUCTURE



**To be formed after closing*

EXHIBIT B

BALANCE SHEET AND INCOME STATEMENT OF MOBILITIE, LLC

TRADE SECRET INFORMATION FILED UNDER SEAL WITH A REQUEST FOR CONFIDENTIAL TREATMENT

EXHIBIT C

FINANCIAL STATEMENTS OF FIAHPL

Frequency Infrastructure Australia Holdings Pty Limited

ABN 27 136 262 952

Special purpose annual report for the year ended 30 June 2020

These financial statements are the consolidated financial statements of the consolidated entity consisting of Frequency Infrastructure Australia Holdings Pty Limited and its subsidiaries. A list of the major subsidiaries is included in note 12. The financial statements are presented in the Australian currency.

Frequency Infrastructure Australia Holdings Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, Citadel Tower A
799 Pacific Highway
Chatswood NSW 2067

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 29 October 2020. The directors have the power to amend and reissue the financial statements.

Frequency Infrastructure Australia Holdings Pty Limited
ABN 27 136 262 952
Special purpose annual report - 30 June 2020

Contents

The directors present their report on the consolidated entity consisting of Frequency Infrastructure Australia Holdings Pty Limited (FIAHPL or the Company) and the entities it controlled (the FIAHPL Group) at the end of, or during, the year ended 30 June 2020. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons held office as directors of Frequency Infrastructure Australia Holdings Pty Limited during the financial year:

Joan Gillman (appointed Interim Chair on 21 June 2020)
Deena Shiff (retired 26 June 2020)
Andrew Hay (resigned 26 June 2020)
Alex Karroum (appointed 23 June 2020)
Jason MacNeill, alternate director for Colin Mugglestone and Andrew Hay (resigned 28 January 2020)
Colin Mugglestone (resigned 7 July 2020)
Stephen Newton
Bart Vogel
Mark Yaniw, alternate director for Stephen Newton

Company secretary

John Mackay is the Company secretary of FIAHPL.

Principal activities

During the year the principal continuing activities of the Group consisted of:

- providing equipment hosting services to regional and community broadcasters, telecom operators and emergency service communications providers;
- providing television and radio transmission services to Australian national TV and radio broadcasters; and
- providing communication services to telecommunication operators and transit authorities in the US and Canada.

There have been no significant changes in the nature of those activities during the year.

Dividends

No dividends were proposed or paid during the year ended 30 June 2020 (30 June 2019: $NIL).

Review of operations

During the year, the Group continued to provide television and radio transmission services to the Australian national broadcasters, infrastructure access services to regional and community broadcasters, telecommunications operators and emergency services communications providers and communication services to transit authorities.

The net result attributable to equity holders before distributions for the 12 months ended 30 June 2020 was a net loss of $159.8m (30 June 2019 net loss: $104.9m).

Significant changes in the state of affairs

On 28 May 2019, BAI Communications Pty Limited entered into a new long term agreement with Network Ten for transmission of Network Ten's free-to-air broadcast channels. The Group did not commence provision of broadcast services for Network Ten in the 2020 financial year due to outstanding negotiations with the incumbent service provider.

On 2 September 2019, BAI Communications Pty Limited entered into an agreement with Southern Cross Austereo (SCA) to manage and operate the network for 500 radio and television transmission services for SCA nationally. The agreement is for an initial 15 year term and also involved BAI Communications purchasing transmission and passive assets from SCA for a consideration of $15m.

The 2019/2020 Bushfire season in NSW resulted in approximately $1m of damage to equipment at a number of our Australian sites, however this is able to be reimbursed through our insurance coverage. The net financial impact of the bushfire season was only $0.1m due to additional support services being provided to the NSW Telco Authority.

During the year, Transit Wireless completed a proof of concept for Amtrak relating to connectivity on their Acela train network and also completed construction of equipment to provide cellular connectivity for the mobile network operators within the New York City Canarsie tunnel.

The Covid-19 pandemic has not had a significant detrimental impact on the Group up to 30 June 2020 due to our long term customer contracts and continued service provision. We were able to successfully refinance two debt facilities in the year and did not require any extension of loans or relief from lenders.

There have been no other significant changes in the state of affairs of the Group during the year.

Events since the end of the financial year

In July 2020, The Bridge Networks New Zealand Holdings Limited (TBNNZH), a dormant subsidiary of BAI Communications Pty Ltd was successfully removed from the New Zealand Companies Register.

The related party loan notes were refinanced on 14 July 2020. The maturity was extended for an additional 9 years and 50 weeks, with a repayment date of 29 June 2030 and an interest rate of 5.42%. $100,000,135 of the loan notes were converted into equity in the form of non-director voting shares at 14 July 2020.

The impact of COVID is ongoing and while it has not had a significant detrimental effect on the Group up to 30 June 2020 due to our long term customer contracts, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on the measures imposed by the various Governments in the jurisdictions the Group operates in, such as maintaining social distance requirements, quarantine, travel restrictions (particularly in terms of train and subway travel) and any economic stimulus that may be provided. The Group may also be affected by delays in future growth opportunities with its customers.

No other matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Events since the end of the financial year (continued)

Likely developments and expected results of operations

Further information on likely developments relating to the operations of FIAHPL and the Group in future years and the expected results of those operations has not been included in this report because the directors of the Group believe it would be likely to result in unreasonable prejudice to the commercial interests of FIAHPL and the Group.

Environmental regulation

The impact of environmental regulations under Commonwealth, State or Territory law exist at the level of the underlying assets.

The operations of the underlying assets in which the Group invest are subject to environmental regulations particular to the countries in which they are located. The directors are not aware of any breaches of these environmental regulations.

The Group complies with the National Greenhouse and Energy Reporting Act (NGER Act) 2007 and Regulations, including (without limitation) its reporting obligations by registering with, completing the necessary reports and providing the necessary data to the Clean Energy Regulator. As at the date of this report, FIAHPL (the ultimate Australian parent entity) and its related entities have not been in breach of its obligations under the NGER Act and has not had any fines or penalties imposed on it for breach of that Act.

Insurance of officers

During the year, FIAHPL paid a premium to insure the directors and officers of the Company. So long as the officers of the Company act in accordance with the Constitution and the Law, the officers remain indemnified out of the assets of the Company against any losses incurred while acting on behalf of the Company.

No insurance premiums are paid for out of the assets of the Company in regard to insurance cover provided to the auditors of the Company. The auditors are in no way indemnified out of the assets of the Company.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and, in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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 on page 5.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

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

Bart Vogel
Director
Sydney
29 October 2020

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Frequency Infrastructure Australia Holdings Pty Limited
Level 10, 799 Pacific Highway
Chatswood, NSW 2067

29 October 2020

Dear Board Members,

Auditor's Independence Declaration to Frequency Infrastructure Australia Holdings Pty Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Frequency Infrastructure Australia Holdings Pty Limited.

As lead audit partner for the audit of the financial statements of Frequency Infrastructure Australia Holdings Pty Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Frequency Infrastructure Australia Holdings Pty Limited
Consolidated statement of profit and loss
For the year ended 30 June 2020

	Notes	Year ended 30 June 2020 $'000	30 June 2019 $'000
Revenue	3(a)	**427,743**	412,730
Foreign exchange gains	4(d)	**646**	2,128
Other income	3(b)	**1,223**	14,531
Total revenue and other income		**429,612**	429,389
Depreciation and amortisation expense	4(c)	**(170,641)**	(123,395)
Borrowing costs	4(a)	**(134,093)**	(127,996)
Operations, maintenance, power and property expenses		**(73,147)**	(84,086)
Salaries and employee benefits expense		**(84,200)**	(81,845)
Net swaps expense	4(b)	**(8,302)**	(17,157)
Other expenses		**(49,382)**	(42,632)
Impairment of assets		**(198)**	-
Gain/(loss) on revaluation of property, plant & equipment		**2,395**	(8,772)
Foreign exchange losses	4(d)	**(3,700)**	(11,429)
Interest expense - lease		**(9,181)**	-
Loss before income tax		**(100,837)**	(67,923)
Income tax expense	5(a)	**(58,991)**	(36,950)
Loss for the year		**(159,828)**	(104,873)
Loss is attributable to:			
Owners of Frequency Infrastructure Australia Holdings Pty Limited		**(162,799)**	(111,768)
Non-controlling interests		**2,971**	6,895
		(159,828)	(104,873)

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

Frequency Infrastructure Australia Holdings Pty Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2020

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Loss for the year	**(159,828)**	(104,873)
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(1,611)**	(4,361)
Items that will not be reclassified to profit or loss		
Revaluation surplus relating to property, plant & equipment	**123,262**	147,635
Income tax relating to those items	**(33,751)**	(40,786)
Other comprehensive income for the year, net of tax	**87,900**	102,488
Total comprehensive income for the year	**(71,928)**	(2,385)
Total comprehensive loss for the year is attributable to:		
Owners of Frequency Infrastructure Australia Holdings Pty Limited	**(76,651)**	(11,894)
Non-controlling interests	**4,723**	9,509
	(71,928)	(2,385)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Frequency Infrastructure Australia Holdings Pty Limited
Consolidated statement of financial position
As at 30 June 2020

	Notes	As at 30 June 2020 $'000	30 June 2019 $'000
Current assets			
Cash and cash equivalents	6(a)	**255,355**	147,584
Trade and other receivables	6(b)	**27,473**	36,130
Other current assets	6(c)	**33,116**	39,237
Derivative financial instruments	8(a)	**68,945**	4,016
		384,889	226,967
Assets classified as held for sale	11	**7,156**	8,991
Total current assets		**392,045**	235,958
Non-current assets			
Other non-current assets	6(c)	**62,746**	54,324
Property, plant and equipment	7(a)	**1,668,934**	1,583,088
Right-of-use assets	7(b)	**246,100**	-
Intangible assets	7(c)	**470,804**	490,570
Deferred tax assets	7(d)	**297,276**	243,683
Derivative financial instruments	8(a)	**-**	61,218
Total non-current assets		**2,745,860**	2,432,883
Total assets		**3,137,905**	2,668,841
Current liabilities			
Payables	6(d)	**13,628**	8,289
Accrued expenses	6(e)	**61,318**	60,981
Other current liabilities	7(f)	**49,406**	54,073
Provisions	7(g)	**8,179**	7,407
Derivative financial instruments	8(a)	**140,159**	158,516
Borrowings	9	**1,119,949**	37,781
Lease liabilities	7(e)	**21,079**	-
Total current liabilities		**1,413,718**	327,047
Non-current liabilities			
Other non-current liabilities	7(f)	**192,971**	201,681
Provisions	7(g)	**3,112**	1,349
Deferred tax liabilities	7(d)	**444,080**	294,532
Derivative financial instruments	8(a)	**53,082**	64,195
Borrowings	9	**866,493**	1,784,856
Lease liabilities	7(e)	**232,881**	-
Total non-current liabilities		**1,792,619**	2,346,613
Total liabilities		**3,206,337**	2,673,660
Net (liabilities) / assets		**(68,432)**	(4,819)

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

Frequency Infrastructure Australia Holdings Pty Limited
Consolidated statement of financial position (continued)
As at 30 June 2020

	Notes	**As at 30 June 2020 $'000**	30 June 2019 $'000
Equity			
Contributed equity	10(a)	**490,742**	490,742
Reserves	10(b)	**376,336**	305,824
Accumulated losses	10(c)	**(935,368)**	(801,144)
Non-controlling interests		**(142)**	(241)
Total equity		**(68,432)**	(4,819)

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

Frequency Infrastructure Australia Holdings Pty Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

	Attributable to owners of Frequency Infrastructure Australia Holdings Pty Limited					
	Contributed equity $'000	**Reserves $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2018	490,742	256,388	(743,186)	3,944	(250)	3,694
AASB15 transitional adjustments, net of tax	-	-	4,152	4,152	809	4,961
Total comprehensive income for the year	-	99,874	(111,768)	(11,894)	9,509	(2,385)
Revaluation impact of depreciation transferred to reserves, net of tax	-	(12,340)	12,340	-	-	-
Transactions with owners in their capacity as owners:						
Decrease in other reserves, net of tax	-	(1,501)	-	(1,501)	-	(1,501)
Transactions with non-controlling interests, net of tax	-	721	-	721	(10,309)	(9,588)
Repatriation of dividends paid to non-controlling interests in prior years	-	(37,318)	37,318	-	-	-
	-	49,436	(57,958)	(8,522)	9	(8,513)
Balance at 30 June 2019	**490,742**	**305,824**	**(801,144)**	**(4,578)**	**(241)**	**(4,819)**
Balance at 1 July 2019	490,742	305,824	(801,144)	(4,578)	(241)	(4,819)
Total comprehensive income for the year	-	86,148	(162,799)	(76,651)	4,723	(71,928)
Revaluation impact of depreciation transferred to reserves, net of tax	-	(28,575)	28,575	-	-	-
Property, plant & equipment written off through reserves	-	(67)	-	(67)	-	(67)
Transactions with owners in their capacity as owners:						
Decrease in other reserves, net of tax	-	11,255	-	11,255	-	11,255
Transactions with non-controlling interests, net of tax	-	1,751	-	1,751	(4,624)	(2,873)
	-	70,512	(134,224)	(63,712)	99	(63,613)
Balance at 30 June 2020	**490,742**	**376,336**	**(935,368)**	**(68,290)**	**(142)**	**(68,432)**

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

Frequency Infrastructure Australia Holdings Pty Limited
Consolidated statement of cash flows
For the year ended 30 June 2020

	Notes	**Year ended 30 June 2020 $'000**	30 June 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**441,399**	443,349
Payments to suppliers and employees		**(237,586)**	(259,900)
Interest received - external parties		**1,199**	530
Income taxes paid		**(3,239)**	(11,054)
Net cash inflow from operating activities	14	**201,773**	172,925
Cash flows from investing activities			
Payment for property, plant and equipment		**(58,289)**	(47,274)
Payment for intangible assets		**(6,100)**	(3,623)
Proceeds from sale of property, plant and equipment		**2,788**	13,489
Net cash outflow from investing activities		**(61,601)**	(37,408)
Cash flows from financing activities			
Borrowings from external parties		**617,925**	22,430
Borrowing costs - finance costs		**(8,103)**	(1,993)
Borrowing costs - external parties		**(59,514)**	(63,515)
Repayment of borrowings to external parties		**(546,781)**	(141,000)
Lease liability principal payment		**(26,558)**	-
Repayments of shareholder loan		**(8,890)**	(8,000)
Dividends paid to non-controlling interests in subsidiaries		**(2,873)**	(9,586)
Net cash (outflow)/inflow from financing activities		**(34,794)**	(201,664)
Net (decrease)/increase in cash and cash equivalents		**105,378**	(66,147)
Cash and cash equivalents at the beginning of the financial year		**147,584**	218,577
Effects of exchange rate changes on cash and cash equivalents		**2,393**	(4,846)
Cash and cash equivalents at the end of the year	6(a)	**255,355**	147,584

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

1 Summary of significant accounting policies

(a) Basis of preparation

In the directors' opinion, the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute to the members and must not be used for any other purpose.

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', and AASB 1054 'Australian Additional Disclosures'. Frequency Infrastructure Australia Holdings Pty Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss or through equity
- property, plant and equipment which is recorded at fair value

(ii) Reclassification of comparative amounts

Certain comparative amounts for the prior period have been reclassified to conform to current period presentations. Such reclassifications had no effect on total comprehensive income or shareholders' equity.

(iii) Net current and total asset deficiency

The Group has a $1,021.7m (2019: $91.1m) current asset deficiency and a $68.4m (2019: $4.8m) total asset deficiency at 30 June 2020. The current asset deficiency is mainly driven by the USPP Series B notes of $152.5m (net of cross currency swaps) maturing in December 2020 and the related party loan notes of $898.9m maturing in July 2020. The total asset deficiency is driven by the related party loan notes of $898.9m. The Group has positive net cash flows from operations of $201.8m (2019: $172.9m).

The directors believe that the financial statements should be prepared on the going concern basis due to the following:

- the related party loan notes of $898.9m were successfully refinanced in July 2020, with loan notes of $796.3m having a maturity of 9 years and 50 weeks to June 2030 which will classify this as non-current and $100m was converted into equity in the form of non-director voting shares;
- the current USPP Series B notes of $152.2m (net of cross currency swaps) will be repaid by an as yet undrawn 3 year bank facility arranged in May 2020 which will be classified as non-current as its tenure is greater than 12 months; and
- the Group has $67m of undrawn bank facilities that can be drawn on if cashflow is required.

Accordingly, the directors believe that there are reasonable grounds to expect that the Group will be able to meet its debts as and when they fall due and consider it appropriate for the financial report to be prepared on the going concern basis.

(iv) New and amended standards adopted by the Group

In the current year, the Group has applied amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2019, and therefore relevant for the current year end.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New and amended standards adopted by the Group (continued)

AASB 16 Leases

In the current year, the Group has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group has chosen the modified retrospective application of AASB 16 in accordance with AASB 16:C5(b). Consequently, the Group will not restate the comparative information, but instead will recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

The date of initial application of AASB 16 for the Group is 1 July 2019.

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 'Leases' and Interpretation 4 'Determining whether an Arrangement contains a Lease' will continue to be applied to those contracts entered or modified before 1 July 2019. The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset, and
- The right to direct the use of that asset.

AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within ‘other expenses’ in profit or loss.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New and amended standards adopted by the Group (continued)

Impact on lease accounting - Finance leases

The main differences between AASB 16 and AASB 117 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117.

Impact on lessor accounting

Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, AASB 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under AASB 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under AASB 117).

The application of AASB 16 has an impact on the statement of cash flows of the Group.

Under AASB 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities.
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by AASB 107 (the Group has opted to include interest paid as part of financing activities).
- Cash payments for the principal portion for a lease liability, as part of financing activities.

<u>Financial impact of initial application of AASB 16</u>

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 3.88%.

The following table shows the operating lease commitments disclosed applying AASB 117 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	$'000
Operating lease commitments at 30 June 2019	**152,542**
Short-term leases and leases of low-value assets	**(11,146)**
Effect of discounting the above amounts	**(56,531)**
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	**109,622**
Lease liabilities recognised at 1 July 2019	**194,487**

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New and amended standards adopted by the Group (continued)

Upon transition to AASB 16, the Group has recognised $193.1m of right-of-use assets and $194.5m of lease liabilities and derecognised $1.4m of lease incentives previously recognised under AASB117.

AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle

The Group has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard include amendments to three Standards:

- AASB 112 Income Taxes - The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits

The adoption of this standard did not have a material impact on the Group.

Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments

Interpretation 23 clarifies the accounting for uncertainties in income taxes.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB 112 Income Taxes.

The Interpretation requires an entity to:

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

- Use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together
- Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so
- Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities.
- Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.
- AASB 2017-4 amends AASB 1 First-time Adoption of Australian Accounting Standards as a consequence of the issuance of Interpretation 23. In terms of this amendment a first time adopter, whose date of transition to Australian Accounting Standards is before 1 July 2017, may elect not to reflect the application of Interpretation 23 in comparative information in its first AASB compliant financial statements. Instead, an entity making this election recognises the cumulative effect of applying Interpretation 23 as an adjustment to opening retained earnings (or other component of equity) at the beginning of its first AASB compliant reporting period.

The Group has adopted this standard and determined that $66m of carried forward tax losses should be derecognised in the year to 30 June 2020. Refer to Note 7(d) (iii).

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) New standards and interpretations in issue not yet adopted

The Group has elected not to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2019. The potential effect of the revised standards/Interpretations on the Group's financial statements, when implemented, is included below.

The Amending Standards apply to annual reporting periods beginning on or after 1 January 2020. The Group is currently in the process of assessing the impact of these standards on the Group.

- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*
- AASB 2019-1 *Amendment to Australian Accounting Standards - References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

The Amending Standards apply to annual reporting periods beginning on or after 1 June 2020 and 1 January 2022. The Group is currently in the process of assessing the impact of these standards on the financial results of the Group.

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-4 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions*

The Amending Standard applies to annual reporting periods beginning on or after 1 July 2021. The Group is currently in the process of assessing the impact of these standards on the financial results of the Group.

- AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

(b) Rounding of amounts

The Group is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of FIAHPL ('parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. FIAHPL and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(i)).

1 Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

(i) Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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 aligned where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised directly within equity attributable to the owners of FIAHPL.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is FIAHPL's functional and presentation currency.

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within net foreign exchange gains. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Amounts disclosed as revenue are net of discounts, subsidies, Goods and Services Tax (GST) and other sales related taxes.

Cash received in advance from customers is taken to unearned revenue and is brought to account over the life of the contract to which it relates and when performance obligations are satisfied.

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of their parties. The entity recognises revenue when it transfers control of a product or service to a customer.

Revenue is recognised for the major business activities as follows:

(i) Transmission services

Work is undertaken either on the basis that time and materials are billed as incurred or according to fixed price contracts. For time and materials contracts, turnover and profit are recognised over time when the right to consideration has been established according to time worked and materials expended which is when the performance obligations are considered met.

Project revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. For project works, the stage of completion is measured by reference to the percentage of the estimated total contract value to complete or the achievement of contract milestones over time.

Where it is probable that a loss will arise from a contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Revenue from project variations is recognised when it is expected that it will be recovered from customers and the performance obligations have been met.

(ii) Other network services

Revenue under short term contracts for other network services is recognised upon contract completion at a point in time, which is when the performance obligations are considered met. Costs and revenues associated with contracts not completed at the end of a period are deferred and recognised when the service is completed. Any anticipated losses on these contracts are recognised immediately. Revenue share due to transit authorities is recognised as reduction to revenue based on the calculation of amounts payable in accordance with contract terms.

(iii) Site rental services

Where determinable, site rental service revenues are recognised each month on a straight line basis over the fixed, non-cancellable term of the relevant lease, which is when the performance obligations are considered met regardless of whether the payments from the customer are received in equal monthly amounts.

(iv) Unearned revenue

Unearned revenue will be brought to account as revenue on a straight-line basis over the life of the contracts to which it relates. Where subsidised access is provided under the Regional Communications Partnership, the value of the subsidy is applied against the subsidised access obligation liability and brought to account as revenue on a straight-line basis over the period of the access agreement.

(v) Pre contract costs

All bid costs are expensed up to the point where contract award (or full recovery of costs) is virtually certain, which is at preferred bidder stage. Costs incurred after this are capitalised.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(vi) Interest income

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

(vii) Critical application management services

Critical application management service revenue is recognised where control of the right to be compensated for the services has been attained and the contract outcome can be reliably measured over time. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

(f) Government grants

Grants from the government are recognised when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(g) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

1 Summary of significant accounting policies (continued)

(g) Income tax (continued)

(i) Tax consolidation

FIAHPL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of March 2009.

The head entity, FIAHPL, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax expense amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right, modified for related party distributions and intra-group transactions.

In addition to its own current and deferred tax amounts, FIAHPL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate FIAHPL for any current tax payable assumed and are compensated by FIAHPL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to FIAHPL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group.

Any difference between tax balances recognised in wholly owned subsidiaries financial statements and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

1 Summary of significant accounting policies (continued)

(h) Leases (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, plant and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- fair values of the assets transferred;
- liabilities incurred;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

1 Summary of significant accounting policies (continued)

(i) Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 15 ‘Revenue from Contracts with Customers’.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets and contingent liabilities acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised in profit or loss.

The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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, and current restricted cash. The investment policy of the Group is to only invest in A+/A1 or higher rated investments. Restricted cash refers to cash which has specific restrictions over its use.

1 Summary of significant accounting policies (continued)

(l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(m) Investments and other financial assets

(i) Classification

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

Trade receivables and other assets are classed as financial assets and measured at amortised cost as they are held in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest.

(ii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated further cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group measures the loss allowance for financial assets at an amount equivalent to 12 month ECL if the credit risk on the financial instrument has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the entity recognises a lifetime ECL

Lifetime ECL represents the expected credit losses what will result from all possible default events over the expected life of the financial instruments. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months of the reporting date.

(iv) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument to the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has significantly increased since initial recognition:

- An actual or expected significant deterioration in the financial instrument’s external or internal credit rating;
- An actual or expected significant adverse change in the regulatory, economic or technological environment of the debt that results in a significant decrease in the debtor's ability to meet its obligations;
- Existing or forecast adverse changes in the business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- Significant increases in credit risk on other financial instruments of the same debtor

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on the financial assets has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; or
- Adverse changes in the economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrow to fulfil its contractual cash flow obligations

(v) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group in full

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

(v) Definition of default (continued)

Irrespective of the outcome of the above assessment, the Group considers a default has occurred when a financial assets is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(vi) Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impacted includes the following:

- Significant financial difficulty of the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable the that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties

(vii) Write off policy

The Group writes off a financial asset where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries make are recognised in profit and loss.

(viii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate

If the Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to the 12 month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Group recognises an impairment gain or loss in profit and loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(ix) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or when it transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(n) Derivatives

The entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

The Group accounts for forward purchase obligations as financial liabilities at present value of the amount payable under the terms of the arrangements. The Group recognises these forward purchase obligations as if they had been exercised at the balance sheet date by reflecting the acquisition of the non-controlling interest with the excess of the consideration payable under the terms of the arrangement over the carrying value of the non-controlling interest being charged to parent entity equity in Reserves, under 'Transactions with non-controlling interests'. This treatment is applied consistently from the inception of the arrangement when the financial instruments were first recognised and subsequently at each reporting date for the changes in the carrying value of the forward purchase obligations. Dividends payable to the non-controlling interest of the entity relating to the forward purchase obligations are charged to the other reserves balance of the parent entity.

Other derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in the fair value of derivative instruments are recognised immediately in profit and loss and included in net swaps income or net swaps expense.

The fair values of over-the-counter derivatives are determined using valuation techniques with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps, cross currency swaps and basis swaps are calculated as the present values of the estimated future cash flows. The fair values of forward foreign exchange contracts are determined using forward foreign exchange market rates at the balance sheet date. The fair values take into account the credit risk of Broadcast Australia Finance Pty Limited and the underlying counterparty.

(o) Property, plant and equipment

Plant and equipment is shown at fair value based on full valuations every five years and annual desktop review by external independent valuers, less subsequent depreciation. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the relevant amount of the asset. Operational land is valued based on annual external valuations using an income approach which determines the value of land based on a theoretical rental amount and the expected rate of return on the portfolio.

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

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation charged to profit or loss based on the revalued carrying amount of the asset and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to accumulated losses.

Surplus (non-operational) land has been valued based on a combination of market valuations from independent valuers taking into account the current condition and zoning of the land and internal valuations based on a binding contract for sale in its current condition.

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(i) Depreciation methods and estimated useful lives

Land is not depreciated. Depreciation on other assets, including assets under finance leases, is calculated on a straight-line basis to write off the cost of property, plant and equipment over its estimated useful life or, in the case of certain leased plant and equipment, the shorter lease term. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of property, plant and equipment is as follows:

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

Property:	
- Land access and improvements	20 - 50 years
- Buildings and building improvements	10 - 50 years
Plant and equipment:	
- Towers and masts	100 years
- Transmitters	5 - 30 years
- Power equipment	5 - 30 years
- Other transmission equipment	20 - 40 years
- Other plant and equipment	3 - 20 years
- Motor vehicles	4 years

(ii) Work in progress

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(p) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Identifiable intangible assets

Identifiable intangible assets are recorded at cost (or if acquired as a result of a business combination at fair value at the date of acquisition) less accumulated amortisation and impairment charges. Identifiable intangibles are amortised on a straight line basis over the period that the benefits are expected to be received.

- Broadcast Contracts with National Broadcasters	4 - 12 years
- Customer Site and Infrastructure Sharing Agreements	11 - 13 years
- Software Licences	3 - 5 years
- Licence Intangible	10 years

(q) Trade and other payables

Trade and other payables are recognised as financial liabilities. They are measured subsequently at amortised cost using the effective interest method.

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

1 Summary of significant accounting policies (continued)

(q) Trade and other payables (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate), a shorter period, to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the entities obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(r) Borrowings

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(s) Borrowing costs

Costs associated with the issuance of bank and USPP debt is capitalised. These costs include the credit guarantee fee, facility fees and associated legal costs. These costs are recognised on a straight line basis over the life of the relevant facilities.

(t) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as accrued expense.

1 Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

The Group operates only defined contributions schemes. Contributions to defined contribution schemes are recognised as an expense as they become payable. Prepaid contributions are recognised in the balance sheet as an asset to the extent that a cash refund or a reduction in the future payments are available.

(iv) Share-based payments

Cash settled share based compensation benefits are provided to employees via long term incentive plans.

The estimated liability for cash settled share based compensation as measured at fair value is recognised in profit and loss over the vesting period. At the end of each period, the Group revises its estimate of the fair value of the expected liability, with the impact of the revisions (if any) being recognised in profit and loss immediately to the extent they relate to employment services received to date and prospectively if it relates to future services to the vesting date.

(v) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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 taxation authority, are presented as operating cash flows.

(w) Contributed equity

Ordinary shares are classified as equity.

(x) Parent entity financial information

The financial information for the parent entity, FIAHPL , disclosed in note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

2 Critical accounting estimates and judgements

The preparation of the financial statements in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. Management believes the estimates used in the preparation of the financial statements are reasonable. Actual results in the future may differ from those reported.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

(i) Impairment of goodwill, intangible assets with indefinite useful lives and other non-current assets

In accordance with the accounting policy stated in note 1(p) and 1(j) the Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of cash generating units.

Where a binding sale agreement or recent transactions does not exist management has based its determination of fair value less costs to sell on earnings multiples on sales of comparable entities. Where comparable multiples are not available, determination of fair value less costs to sell has been based in discounted cash flow analysis. The key assumptions are that the cash generating unit could be sold for the amount calculated by the comparable earnings multiples or discounted cash flow analysis. Key assumptions in determining fair value include a discount rate for the BAI Australian cash generating unit and cash flows in line with the existing business plan.

(ii) Fair value measurement relating to property, plant and equipment

The fair valuation of property, plant and equipment is performed by an independent external valuer. Tangible assets are valued using a depreciated replacement cost approach. This involves reviewing unit rate models for specific asset classes, holding discussions with management and suppliers, applying industry inflation trend factors to asset values and conducting site visits on a rolling 5 year cycle basis.

Operational land has been valued using the income approach, which determines the value of the land holdings based on a theoretical rental amount and the expected rate of return on the portfolio.

The majority of surplus (non-operational) land has been valued by an independent valuer taking to account the current condition and zoning of the land. The remaining surplus land has been valued internally based on a binding contract for sale for land in its current condition.

Refer to Note 7(a) for further detail.

The useful lives of assets are determined by Directors on initial recognition and reviewed annually.

2 Critical accounting estimates and judgements (continued)

(iii) Taxable income and associated tax losses

The Group is subject to income taxes in Australia and jurisdictions where it is has foreign operations. The Australian companies in the consolidated group are members of a tax consolidated group (TCG). Judgement is required in determining taxation balances. There are a range of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Company's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Refer to Note 7 for disclosure in relation to the position of the Group on carried forward tax losses of the Group.

(iv) Valuation of derivative financial instruments

Derivative financial instruments are valued at fair value using discounted cashflow models and estimated financial data available at the prevailing reporting date. The financial data includes market based interest rate yield curves and foreign exchange spot prices, and incorporates the credit risk of the Group and the underlying counterparty.

(v) Selection of accounting policies

The Group has forward purchase obligations and accounts for these as financial liabilities in accordance with the accounting policy set out in note 1(n). At the inception of these arrangements, there was no prescriptive accounting guidance for the accounting for the changes in the carrying value of the forward purchase obligations subsequent to initial recognition. As a result, the directors have exercised judgement in selecting an appropriate accounting policy which in their view reflects the substance of these arrangements by presenting the consolidated financial statements as if they had been exercised at the reporting date recognising the changes in the carrying value of the obligations within Reserves, under 'Transactions with non - controlling interest'. An alternative accounting policy that is available in practice is to continue to recognise the non-controlling interest in total shareholders equity with the changes in the carrying value of the forward purchase obligations through the profit and loss statement.

(vi) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(vii) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of use asset, with similar terms, security and economic environment.

3 Revenue and other income

(a) Revenue

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Broadcast and transmission services	**379,785**	352,217
Site rental services	**29,483**	28,018
Critical application management services	**16,808**	13,762
Other network services	**1,667**	18,733
	427,743	412,730

(b) Other income

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Other income		
Interest from external parties	**1,199**	530
Gain on sale of property, plant & equipment	**24**	8,411
Income from settlement of contract	**-**	5,590
	1,223	14,531

4 Expenses

(a) Borrowing costs

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Borrowing costs		
Interest expense - shareholders	**99,047**	88,896
Interest expense - external	**35,046**	39,100
	134,093	127,996

(b) Net swaps expense

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Net swaps expense		
Interest payment under swap contracts	**26,638**	24,309
Change in fair value of cross currency swaps	**(3,391)**	(14,504)
Change in fair value of interest rate swaps	**(14,786)**	7,223
Change in fair value of FX forwards	**(159)**	129
	8,302	17,157

4 Expenses (continued)

(c) Depreciation and amortisation expenses

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	**115,618**	95,097
Amortisation of intangible assets	**28,941**	28,298
Depreciation of right-of-use assets	**26,082**	-
	170,641	123,395

(d) Foreign exchange gains and (losses)

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Foreign exchange gains		
Unrealised FX gains on revaluation of related party loan	**646**	2,128
	646	2,128
Foreign exchange losses		
Unrealised FX loss on revaluation of US Private Placement	**(3,700)**	(11,429)
	(3,700)	(11,429)

5 Income tax expense

(a) Income tax expense

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Current tax	**(1,619)**	(4,929)
Deferred tax	**(57,372)**	(32,021)
	(58,991)	(36,950)

5 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended 30 June 2020 $'000	30 June 2019 $'000
Loss from continuing operations before income tax	**(100,837)**	(67,923)
Tax at the Australian tax rate of 30.0% (2019 - 30.0%)	**30,251**	20,377
(Under)/over provision for prior year	**622**	(3,176)
Income not assessable for tax	**409**	3,295
Expenditure not allowed for income tax purposes	**(90,231)**	(68,803)
Tax rate differential for foreign entities	**4,150**	15,450
Current year tax loss not recognised	**(4,192)**	(4,093)
Income tax expense	**(58,991)**	(36,950)

For an analysis of movements of deferred tax assets and liabilities, refer to note 7(d).

6 Financial assets and financial liabilities

(a) Cash and cash equivalents

	As at 30 June 2020 $'000	30 June 2019 $'000
Cash at bank	**253,530**	147,139
Restricted cash	**1,825**	445
	255,355	147,584

Restricted cash refers to cash held in a separate account that must be used for Regional Communications Partnership (RCP) purposes. The Regional Communications Partnership is a jointly funded arrangement with the Commonwealth Government of Australia for the provision of subsidised access to certain infrastructure owned by the Group.

(b) Trade and other receivables

	As at 30 June 2020 $'000	**30 June 2019** $'000
Trade receivables	**27,815**	36,649
Expected credit loss	**(342)**	(519)
	27,473	36,130

Transmission and telecommunication services trade terms and conditions are generally 30 days net. Rental of sites and infrastructure are generally paid periodically in advance.

6 Financial assets and financial liabilities (continued)

(c) Other assets

	As at			
	30 June 2020		30 June 2019	
	Current $'000	**Non-current $'000**	Current $'000	Non-current $'000
Accrued revenue	**14,332**	**53,692**	12,071	45,490
Restricted Cash	**-**	**6,959**	-	6,438
Prepayments	**6,216**	**2,095**	14,623	2,396
Inventory	**3,022**	**-**	2,290	-
Prepaid income tax	**9,037**	**-**	10,128	-
Other	**509**	**-**	125	-
	33,116	**62,746**	39,237	54,324

Restricted cash refers to cash held on term deposit to fund bank guarantees and standby letters of credit.

(d) Trade and other payables

	As at	
	30 June 2020 $'000	30 June 2019 $'000
Trade creditors	**13,621**	7,915
Sundry creditors	**7**	374
	13,628	8,289

Trade payables are unsecured and are usually paid within 30 days of receipt.

(e) Accrued expenses

	As at	
	30 June 2020 $'000	30 June 2019 $'000
Employee costs	**16,001**	14,805
Capital works in progress	**13,617**	11,350
Interest	**9,143**	6,338
Legal, consulting and other costs	**11,504**	16,333
Power	**5,528**	4,566
Property costs	**3,993**	3,638
Repairs and maintenance	**1,532**	3,951
	61,318	60,981

7 Non-financial assets and liabilities

(a) Property, plant and equipment

	As at 30 June 2020 $'000	30 June 2019 $'000
Land, land access and improvement at fair value	**521,677**	508,807
Buildings and improvements at fair value	**74,776**	69,623
Office equipment and leasehold improvements at fair value	**57,447**	58,032
Transmission and communication equipment at fair value	**953,601**	870,937
Work in progress	**61,433**	75,689
Total property, plant and equipment at fair value - net	**1,668,934**	1,583,088

FIAHPL revalues their property, plant and equipment to fair value. An external valuer is engaged as an independent valuer for these valuations.

For plant and equipment, a depreciated replacement cost approach has been used in determining the fair values at 30 June 2020. This involves reviewing unit rate models for specific asset classes, holding discussions with management and suppliers, applying industry inflation trend factors to asset values and conducting site visits on a rolling 5 year cycle basis.

Operational land (excluding surplus land) has been valued using the income approach which determines the value of the land holdings based on a theoretical rental amount and the expected rate of return on the portfolio.

Surplus (non-operational) land has been valued using a combination of independent valuations of land based on their current conditions and zoning, and internal valuations based on a binding contract for sale for land in its current condition.

The revaluation surplus recognised in reserves in relation to property, plant and equipment for the year ended 30 June 2020 was $123.3m (2019: surplus of $147.6m). The gain on revaluation of fixed assets recognised in the income statement amounted to $2.4m (2019: loss on revaluation of $8.8m).

Property, plant and equipment balances calculated under a historical cost approach are as follows:

	As at 30 June 2020 $'000	30 June 2019 $'000
Land/Land access and improvements at cost	**242,851**	233,570
Less: Accumulated depreciation	**(29,264)**	(26,992)
	213,587	206,578
Buildings and improvements at cost	**154,704**	151,766
Less: Accumulated depreciation	**(63,388)**	(58,416)
	91,316	93,350

7 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

	As at 30 June 2020 $'000	30 June 2019 $'000
Office equipment and leasehold improvements at cost	**92,246**	87,189
Less: Accumulated depreciation	**(54,221)**	(46,405)
	38,025	40,784
Transmission equipment at cost	**1,308,465**	1,226,604
Less: Accumulated depreciation	**(620,147)**	(550,487)
	688,318	676,117
Work in progress	**61,433**	75,689
	61,433	75,689
Total property, plant and equipment at cost - net	**1,092,679**	1,092,518

7 Non-financial assets and liabilities (continued)

(b) Right-of-use assets

	30 June 2020 $'000
Broadcasting and transmission properties	
- At cost	247,820
- Accumulated depreciation	(20,398)
	227,422
Office spaces	
- At cost	20,899
- Accumulated depreciation	(4,248)
	16,651
Vehicles	
- At cost	2,240
- Accumulated depreciation	(254)
	1,986
Office equipment	
- At cost	47
- Accumulated depreciation	(6)
	41
Total right-of-use assets, net	246,100

The Group leases several assets including properties for transmission and broadcasting, office spaces, office equipment and vehicles. The average lease term is 11.7 years.

	Year ended 30 June 2020 $'000
Amounts recognised in statement of profit and loss	
Depreciation expense on right-of-use assets	26,082
Interest expense on lease liabilities	9,181

7 Non-financial assets and liabilities (continued)

(c) Intangible assets

	As at **30 June 2020 $'000**	30 June 2019 $'000
Goodwill	**264,437**	264,437
	264,437	264,437
Customer contracts and relationships	**468,382**	466,000
Less: accumulated amortisation	**(270,389)**	(249,131)
	197,993	216,869
Software licences	**14,709**	9,871
Less: accumulated amortisation	**(8,010)**	(4,254)
	6,699	5,617
Licence intangible	**20,094**	19,753
Less: accumulated amortisation	**(18,419)**	(16,106)
	1,675	3,647
Total intangible assets - net	**470,804**	490,570

(d) Deferred tax balances

(i) Deferred tax assets

	As at **30 June 2020 $'000**	30 June 2019 $'000
The balance comprises temporary differences attributable to:		
Carried forward tax losses	**167,866**	167,380
Derivative financial instruments	**41,795**	52,303
Unrealised foreign currency revaluation	**16,829**	15,947
Unearned revenue	**7,140**	7,979
Other	**167**	74
Lease liabilities	**63,479**	-
Total deferred tax assets	**297,276**	243,683
Deferred tax assets expected to be recovered within 12 months	**43,348**	44,418
Deferred tax assets expected to be recovered after more than 12 months	**253,928**	199,265
	297,276	243,683

7 Non-financial assets and liabilities (continued)

(d) Deferred tax balances (continued)

(i) Deferred tax assets (continued)

Movements:	**Lease liabilities $'000**	**Carried forward tax losses $'000**	**Derivative financial instruments $'000**	**Unrealised FX revaluation $'000**	**Unearned revenue $'000**	**Other $'000**	**Total $'000**
Opening balances as at 1 July 2019	**-**	**167,380**	**52,303**	**15,947**	**7,979**	**74**	**243,683**
(Charged)/credited							
- to income statement	**63,479**	**(33,973)**	**(5,501)**	**882**	**(839)**	**93**	**24,141**
- to DTL	**-**	**34,459**	**-**	**-**	**-**	**-**	**34,459**
- directly to reserves	**-**	**-**	**(5,007)**	**-**	**-**	**-**	**(5,007)**
Closing balances as at 30 June 2020	**63,479**	**167,866**	**41,795**	**16,829**	**7,140**	**167**	**297,276**

Movements:	**Carried forward tax losses $'000**	**Derivative financial instruments $'000**	**Unrealised FX revaluation $'000**	**Unearned revenue $'000**	**Other $'000**	**Total $'000**
Opening balances as at 1 July 2018	200,906	67,299	-	8,794	235	277,234
(Charged)/credited						
- to income statement	(33,526)	(17,593)	15,947	(815)	(161)	(36,148)
- directly to reserves	-	2,597	-	-	-	2,597
Closing balances as at 30 June 2019	167,380	52,303	15,947	7,979	74	243,683

7 Non-financial assets and liabilities (continued)

(d) Deferred tax balances (continued)

(ii) Deferred tax liabilities

	As at 30 June 2020 $'000	30 June 2019 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**(300,073)**	(205,574)
Intangible assets	**(59,206)**	(66,175)
Investments	**(21,823)**	(20,752)
Prepayments	**(833)**	-
Accruals and provisions	**243**	(2,031)
Right-of-use assets	**(62,388)**	-
	(444,080)	(294,532)
Deferred tax liabilities expected to be settled within 12 months	**(7,835)**	(2,031)
Deferred tax liabilities expected to be settled after more than 12 months	**(436,244)**	(292,501)
	(444,079)	(294,532)

Movements :	**Right-of-use assets $'000**	**Prepay-ments $'000**	**Property, plant & equipment $'000**	**Intangible assets $'000**	**Investments $'000**	**Accruals and provisions $'000**	**Total $'000**
Opening balances as at 1 July 2019	**-**	**-**	**(205,574)**	**(66,175)**	**(20,752)**	**(2,031)**	**(294,532)**
(Charged)/credited							
- to income statement	**(62,388)**	**(833)**	**(26,289)**	**6,969**	**(1,071)**	**2,274**	**(81,338)**
- directly in reserves	**-**	**-**	**(33,751)**	**-**	**-**	**-**	**(33,751)**
- to DTA	**-**	**-**	**(34,459)**	**-**	**-**	**-**	**(34,459)**
Closing balances as at 30 June 2020	**(62,388)**	**(833)**	**(300,073)**	**(59,206)**	**(21,823)**	**243**	**(444,080)**

Movements:	**Unrealised FX revaluation $'000**	**Property, plant & equipment $'000**	**Intangible assets $'000**	**Investments $'000**	**Accruals and provisions $'000**	**Total $'000**
Opening balances as at 1 July 2018	(2,268)	(166,522)	(73,498)	(14,242)	(1,343)	(257,873)
(Charged)/credited						
- to income statement	2,268	1,734	7,323	(6,510)	(688)	4,127
- directly in reserves	-	(40,786)	-	-	-	(40,786)
Closing balances as at 30 June 2019	-	(205,574)	(66,175)	(20,752)	(2,031)	(294,532)

7 Non-financial assets and liabilities (continued)

(d) Deferred tax balances (continued)

(iii) Carried forward tax losses

Frequency Infrastructure Pty Limited (FIPL) is a member of the FIAHPL TCG. FIPL has been subject to a specific issues tax audit which has resulted in the issuance by the Australian Tax Office (ATO) of a notice of an amended assessment. The impact of this amendment was the denial of carried forward tax losses recognised as deferred tax assets of $66m, which is included in the charge to the income statement from deferred tax assets. The FIAHPL consolidated Group previously continued to recognise these tax losses as the directors believed the Group would be successful in objecting to the denial. The decision in a High Court case during the 2020 year has reduced the likelihood of FIAHPL Group being successful in its objection to the denial. As a result, the tax losses have been derecognised in the current year.

(e) Lease liabilities

	As at 30 June 2020	
	Current $'000	**Non-current $'000**
Lease liabilities	**21,079**	**232,881**

(f) Other liabilities

	As at 30 June 2020		30 June 2019	
	Current $'000	**Non-current $'000**	Current $'000	Non-current $'000
Unearned revenue	**47,030**	**188,854**	47,835	194,454
GST payable	**584**	**-**	1,643	-
Employee related expenses	**680**	**-**	1,368	-
Deferred rent liability	**277**	**-**	250	9
Subsidised access acquisition obligation	**634**	**1,566**	634	1,565
Straight line cost	**-**	**2,551**	-	5,653
Other	**201**	**-**	2,343	-
	49,406	**192,971**	54,073	201,681

7 Non-financial assets and liabilities (continued)

(g) Provisions

	As at			
	30 June 2020		30 June 2019	
	Current $'000	**Non-current $'000**	Current $'000	Non-current $'000
Provisions for employee benefits	**7,410**	**3,112**	6,479	1,349
Provision for bulk discounts and service credits	**250**	**-**	409	-
Provision for environmental remediation	**519**	**-**	519	-
	8,179	**3,112**	7,407	1,349

8 Financial risk management

(a) Derivatives

	As at	
	30 June 2020 $'000	30 June 2019 $'000
Current assets		
Interest rate swaps	**320**	-
Cross currency swaps	**68,625**	4,016
	68,945	4,016
Non-current assets		
Cross currency swaps	**-**	61,218
	-	61,218
Current liabilities		
Interest rate swaps and forward foreign exchange contracts	**(28,836)**	(32,347)
Forward purchase liability	**(111,323)**	(126,169)
	(140,159)	(158,516)
Non-current liabilities		
Interest rate swaps	**(53,082)**	(64,195)
	(53,082)	(64,195)

(i) Instruments used by the Company

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange, interest rates and interest basis in accordance with the Group's treasury policy.

(ii) Interest rate swaps

Broadcast Australia Finance Pty Limited has entered into a series of interest rate swaps with an active notional principal amount of $1,310,000,000 (2019: $1,035,000,000).

8 Financial risk management (continued)

(a) Derivatives (continued)

(ii) Interest rate swaps (continued)

Notional Principal	Start Date	End Date	Fixed rate
$100m	19 Jul 2018	19 Jul 2019	6.0600%
$95m (a)	19 Jul 2018	19 Jul 2019	5.0600%
$145m (a)	19 Jul 2019	19 Apr 2021	5.0600%
$70m (a)	19 Apr 2021	19 Jan 2023	5.0600%
$90m (a)	19 Jan 2023	19 Jul 2024	5.0600%
$165m (b)	19 Jul 2018	19 Jul 2019	6.5450%
$515m (b)	19 Jul 2019	20 Jul 2020	6.5450%
$415m (b)	20 Jul 2020	19 Apr 2021	6.5450%
$340m (b)	19 Apr 2021	19 Jul 2021	6.5450%
$350m	19 Jan 2018	19 Jul 2019	5.4550%
$150m (c)	19 Jan 2023	19 Jul 2023	2.5400%
$110m (c)	19 Jul 2023	19 Jul 2024	2.5400%
$25m (d)	19 Jul 2021	19 Oct 2021	3.3600%
$150m (d)	19 Oct 2021	19 Jan 2022	3.3600%
$162.5m (d)	19 Jan 2022	19 Jan 2023	3.3600%
$150m (d)	19 Jan 2023	19 Jul 2023	3.3600%
$110m (d)	19 Jul 2023	19 Jul 2024	3.3600%
$150m (e)	19 Apr 2021	19 Jul 2021	3.8150%
$375m (e)	19 Jul 2021	19 Oct 2021	3.8150%
$250m (e)	19 Oct 2021	19 Jan 2022	3.8150%
$237.5m (e)	19 Jan 2022	19 Jul 2022	3.8150%
$162.5m (e)	19 Jul 2022	19 Jan 2023	3.8150%
($125m)	19 Oct 2019	20 Jul 2020	6.5450%
$125m	20 Jul 2020	21 Oct 2024	1.8630%
$200m	19 Jul 2024	19 Jul 2025	0.8820%
$125m	21 Oct 2024	20 Jul 2026	1.0090%

(a) Notional principal to increased to $145m from July 2019, then to reduce to $70m from April 2021, then increase to $90m from January 2023.
(b) Notional principal increased to $515m from July 2019, then to reduce to $415m from July 2020 and then reduce to $340m from April 2021.
(c) Notional amount to reduce to $110m from July 2023.
(d) Notional principal to increase to $150m from October 2021, then increase to $162.5m from January 2022, then reduce to $150m from January 2023, then reduce to $110m from July 2023.
(e) Notional principal to increase to $375m from July 2021, then reduce to $250m from October 2021, then reduce to $237.5m from January 2022, then reduce to $162.5m from July 2022.

At 30 June 2020 the active notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	As at	
	30 June 2020 $'000	30 June 2019 $'000
Less than 1 year	**(125,000)**	450,000
1-2 years	**515,000**	-
2-3 years	**150,000**	165,000
3-4 years	**-**	150,000
4-5 years	**445,000**	-
Over 5 years	**325,000**	270,000
	1,310,000	1,035,000

8 Financial risk management (continued)

(a) Derivatives (continued)

(iii) Cross currency swaps

Broadcast Australia Finance Pty Limited has entered into a series of cross currency swaps with an active notional principal amount of USD $152,000,000.

Notional Principal (USD)	Start Date	End Date	Variable Rate
$152m	15 Dec 2010	19 Dec 2020	BBSW + 2.365%

The cross currency swaps are in place to hedge exposure to US dollar and US interest basis over the term of the US$152m Private Note Placement (Series B).

At 30 June 2020 the notional principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	As at 30 June 2020 AU$'000	30 June 2019 AU$'000	As at 30 June 2020 US$'000	30 June 2019 US$'000
Less than 1 year	154,472	-	152,000	-
1-2 years	-	154,472	-	152,000
2-3 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
	154,472	**154,472**	**152,000**	**152,000**

9 Borrowings

	As at 30 June 2020 $'000	30 June 2019 $'000
Current		
External parties		
US Private Placement (a)	**221,091**	-
Bank facilities (b)	**-**	37,781
	221,091	37,781
Related parties		
Related party loan notes (e)	**898,858**	-
	1,119,949	37,781
Related parties		
Non-current		
External parties		
US Private Placement (a)	**159,000**	376,391
Bank facilities (b)	**398,000**	-
Term Loan (c)	**210,925**	500,000
Transit Wireless EB-5 Loan (d)	**109,091**	107,265
Capitalised external financing costs	**(10,523)**	(7,500)
	866,493	976,156
Related parties		
Related party loan notes (e)	**-**	808,700
	-	808,700
Total non-current borrowings	**866,493**	1,784,856
Total borrowings	**1,986,442**	1,822,637

(a) US Private Placement

The Series B Notes were issued by BAF on 15th December 2010. The notes are denominated in US dollars and pay fixed interest on a semi-annual basis. Cross currency swaps are in place to hedge exposure to US dollar currency and US interest rate basis over the term of the loan. The notes are secured by a fixed and floating charge over the assets of Broadcast Australia Finance Pty Limited and Broadcast Australia Infrastructure Holdings Pty Limited and its controlled entities excluding The Bridge Networks New Zealand Holdings Limited.

The Series B Notes were refinanced on 21 May 2020 with a 3 year term loan (Tranche D). Refer to Note 9(c).

9 Borrowings (continued)

(a) US Private Placement (continued)

	Series B
Hedged amount (USD)	$152.0 million
Hedged equivalent (AUD)	$154.5 million
Translated at 30.06.20 (AUD)	$221.1 million
Maturity	December 2020
Repayment	In full on maturity
Interest rate (USD)	4.35%
Interest rate type	Fixed
Hedged interest rate (AUD)	BBSW + 2.365%
Hedged interest rate type	Variable

The $159m Series C, D & E Guaranteed Senior Secured Notes were issued by BAF on 14 December 2017. The notes are denominated in Australian dollars and pay fixed interest on a semi-annual basis. The notes are secured by a fixed and floating charge over the assets of BAF and BAIH and its controlled entities, excluding The Bridge Networks New Zealand Holdings Limited.

	Series C	**Series D**	**Series E**
Issued amount (AUD)	$89.5 million	$31.5 million	$38.0 million
Maturity	December 2027	December 2027	December 2029
Repayment	In full on maturity	In full on maturity	In full on maturity
Interest rate	4.97%	4.97%	5.17%
Interest rate type	Fixed	Fixed	Fixed

(b) Bank Facilities

On 19 December 2019, two new revolving loans were entered into comprising of a $240.0m facility (Tranche A) and $225.0m facility (Tranche B). The revolving loans are secured by a fixed and floating charge over the assets of BAF and BAIH and its controlled entities, excluding The Bridge Networks New Zealand Holdings Limited.

	Tranche A	**Tranche B**
Facility amount	$240.0 million	$225.0 million
Amount drawn at 30.06.20	$173.0 million	$225.0 million
Maturity	Dec 2024	Dec 2026
Repayment	In full on maturity	In full on maturity
Interest rate type	Variable	Variable
Interest rate	BBSY + 1.20%	BBSY + 1.50%

(c) Term Loan

As part of the refinance on 19 December 2019, BAF entered into a $210.0m (Tranche C). The term loan is secured by a fixed and floating charge over the assets of BAF and BAIH and its controlled entities, excluding The Bridge Networks New Zealand Holdings Limited.

	Tranche C
Issued amount	$210.0 million
Amount drawn at 30.06.20	$210.0 million
Maturity	Dec 2029
Repayment	In full on maturity
Interest rate type	Variable
Interest rate	BBSY + 1.75%

9 Borrowings (continued)

(c) Term Loan (continued)

On 21 May 2020, a 3 year bank facility was obtained. The purpose of this new facility is limited to the repayment of the Series B USPP notes (refer to Note 9(a)) and is expected to remain undrawn until the maturity of Series B USPP notes in December 2020. The term loan is secured by a fixed and floating charge over the assets of BAF and BAIH and its controlled entities, excluding The Bridge Networks New Zealand Holdings Limited.

	Tranche D
Issued amount	$155.5 million
Amount drawn at 30.06.20	$0.9 million
Maturity	May 2023
Repayment	In full on maturity
Interest rate type	Variable
Interest rate	BBSY + 1.60%

(d) Transit Wireless EB-5 loan

In April 2015, Transit Wireless drew down on a US$75 million loan with New York City Subway Infrastructure Development LLC to fund the construction of additional wireless and Wi-Fi services across the New York subway network. The agreement provides for interest at a fixed rate of 4.25% per annum. Repayment is interest only, payable quarterly, on any outstanding balance until the maturity date which is the fifth anniversary of the last advance of the loan. The loan is non-recourse to FIAHPL and is secured against the revenues of Transit Wireless.

	Transit Wireless EB-5 loan
Facility amount (USD)	$75.0 million
Issued amount at 30.06.20 (USD)	$75.0 million
Translated at 30.06.20 (AUD)	$109.1 million
Maturity	26 September 2022
Repayment	In full on maturity with an option to extend for up to 5 years
Interest rate type	Fixed
Interest rate	4.25%

(e) Related Party Loan Notes

On 28 July 2010, the outstanding loan balance extended from CPPIB to FIAHPL was converted into loan notes. The loan notes were issued with an effective annual interest rate of 15.62%. Interest was capitalised on the loan on a quarterly basis and the related withholding tax on repayments and interest capitalisation remitted to the ATO.

On 6 August 2010, CPPIB sold a 13.79% interest in the loan notes to PIP3GV (AABA) Ltd and PIP3PX (AABA) Ltd, who together acquired 10% and are managed by Alberta Investment Management Corporation (AIMCo), and to Pioneer Communications GP Inc and Pioneer Communications Limited Partnership who acquired the remaining 3.79%.

On 20 December 2011, FIAHPL restructured its related party loan notes. The restructure resulted in the issuance of Non Director Voting Shares and Director Voting Shares as consideration for settlement of $276,437,247.76 of the outstanding loan principal and interest. The interest rate was been reduced to 12.35% and the frequency of interest capitalisation amended to an annual basis.

	Investor Loan Notes
Amount outstanding	$898.9 million
Maturity	July 2020
Repayment	In full on maturity
Interest rate type	Fixed
Interest rate	12.35%
Interest capitalisation frequency	Annually
Accrued interest at 30.06.20	$99.0 million

10 Equity

(a) Contributed equity

(i) Share capital

	30 June 2020 Shares	30 June 2019 Shares	30 June 2020 $'000	30 June 2019 $'000
Issued shares				
Non-director voting shares - fully paid	**3,094,550**	3,094,550	**490,742**	490,742
Director voting shares - fully paid	**3,094,550**	3,094,550	**-**	-
	6,189,100	6,189,100	**490,742**	490,742

Ordinary shares in FIAHPL - Non-Director Voting Shares

FIAHPL has 3,094,550 Non-Director Voting Shares on issue. The holder of a Non-Director Voting Share is entitled to:

- receive notice of, and to attend and be heard at, all general meetings, and to vote on all shareholder resolutions, except any proposal to appoint any person to be a Director to fill a vacancy or as an addition to the existing Directors, or to remove a Director from office;
- receive any reports, profit and loss accounts, balance sheets or other financial statements as required by law;
- receive all dividends determined and payable by the company from the date of issue of that Non-Director Voting Share, if and to the extent that the Directors determine that a dividend is payable in relation to Non-Director Voting Shares, in accordance with the company's constitution; and
- be paid out of the surplus assets of the company upon a winding-up of the company, in accordance with the company's constitution.

Other shares in FIAHPL - Director voting shares

FIAHPL has 3,094,550 Director Voting Shares on issue. The holder of a Director Voting Share is entitled to:

- receive notice of, and to attend and be heard at, all general meetings, but does not have the right to vote on any shareholder resolution, except any proposal to appoint any person to be a Director to fill a vacancy or as an addition to the existing Directors, to remove a Director from office, to reduce the share capital of the company, to approve the terms of a buy-back agreement or that affects rights attached to the Director Voting Shares;
- receive any reports, profit and loss accounts, balance sheets or other financial statements as required by law; and
- receive all dividends determined and payable by the company from the date of issue of that Director Voting Share, if and to the extent that the Directors determine that a dividend is payable in relation to Director Voting Shares, in accordance with the company's constitution.

Other than these above entitlements or entitlements granted by law, the holder of a Director Voting Share does not have any voting rights or any rights to participate in the assets or profits of the company. The holder of a Director Voting Share is not entitled to repayment of capital or any other payment out of the assets of the company upon a winding-up of the company.

10 Equity (continued)

(b) Reserves

The following table shows a breakdown of the statement of financial position line item ‘other reserves’ and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	As at 30 June 2020 $'000	30 June 2019 $'000
Property, plant and equipment revaluation reserve	**526,688**	467,641
Transactions with owners in their capacity as owners	**(1,545)**	(1,545)
Foreign currency translation reserve	**(8,638)**	(7,097)
Other reserves	**(140,169)**	(153,175)
	376,336	305,824

(i) Nature and purpose of other reserves

Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Transactions with owners in their capacity as owners

Change in ownership interests with non-controlling interests that do not result in a loss of control are recognised as transactions with equity owners of the Group. Refer to Note 1(c)(ii).

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Other reserves

The other reserves are used to record changes in the carrying value of the forward purchase obligations.

10 Equity (continued)

(b) Reserves (continued)

	As at 30 June 2020 $'000	30 June 2019 $'000
Property, plant and equipment revaluation reserve		
Opening balance	**467,641**	375,150
Revaluation surplus for the current year	**121,364**	145,533
Revaluation surplus for the current year - tax	**(33,675)**	(40,702)
Revaluation impact of depreciation transferred to reserves	**(35,333)**	(15,688)
Revaluation impact of depreciation transferred to reserves - tax	**8,725**	3,348
Transfer of revaluation reserves of assets written off to retained earnings	**(2,809)**	-
Revaluation reserves of assets written off transferred directly to retained earnings - tax	**842**	-
Property, plant & equipment written off through reserves	**(67)**	-
Closing balance	**526,688**	467,641
Transactions with owners in their capacity as owners		
Opening balance	**(1,545)**	(1,545)
Closing balance	**(1,545)**	(1,545)
Foreign currency translation reserve		
Opening balance	**(7,097)**	(2,140)
Currency translation differences arising during the year	**(1,541)**	(4,957)
Closing balance	**(8,638)**	(7,097)
Other reserves		
Opening balance	**(153,175)**	(115,077)
Revaluation surplus for the current year	**16,993**	(1,861)
Deferred tax impact of revaluation surplus	**(5,738)**	360
Transactions with non-controlling interests	**1,751**	721
Repatriation of dividends paid to non-controlling interests in prior years	**-**	(37,318)
Closing balance	**(140,169)**	(153,175)

(c) Accumulated losses

	As at 30 June 2020 $'000	30 June 2019 $'000
Opening balance	**(801,144)**	(743,186)
Loss attributable to members of FIAHPL	**(162,799)**	(111,768)
Revaluation impact of depreciation transferred from reserves	**35,333**	15,688
Revaluation impact of depreciation transferred from reserves - tax	**(8,725)**	(3,348)
Deferred tax impact of AASB15 transitional adjustments	**-**	(181)
AASB15 transitional adjustments	**-**	4,333
Repatriation of dividends paid to non-controlling interests in prior years	**-**	37,318
Transfer of revaluation reserves of assets written off	**2,809**	-
Transfer of revaluation reserves of assets written off - tax	**(842)**	-
Closing balance	**(935,368)**	(801,144)

11 Assets held for sale

Surplus land held for sale

The Group intends to sell some surplus land. As at June 2020, the plan to sell met the definition of assets held for sale according to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. As a result, these assets have been classified as held for sale within current assets.

	As at 30 June 2020 $'000	30 June 2019 $'000
Disposal group held for sale		
Surplus land held for sale	**7,156**	8,991

12 Interests in other entities

Principal subsidiaries

The Group's principal subsidiaries at 30 June 2020 are set out below:

Name of entity	**Country of incorporation**	**Ownership interest held by the Group 2020 %**	2019 %
Frequency Infrastructure Australia Pty Limited	Australia	**100.0**	100.0
Frequency Infrastructure Pty Limited	Australia	**100.0**	100.0
CPPIB Infrastructure Management Pty Limited	Australia	**100.0**	100.0
Frequency Infrastructure Holdings Pty Limited	Australia	**100.0**	100.0
Frequency Infrastructure Holdings No.1 Pty Limited	Australia	**100.0**	100.0
Frequency Infrastructure Trust	Australia	**100.0**	100.0
Frequency Infrastructure Trust No 1	Australia	**100.0**	100.0
Frequency Infrastructure Trust No 2	Australia	**100.0**	100.0
Broadcast Australia Infrastructure Holdings Pty Limited	Australia	**100.0**	100.0
BAI Communications Pty Limited	Australia	**100.0**	100.0
Broadcast Australia No.1 Pty Limited	Australia	**100.0**	100.0
Broadcast Australia Finance Pty Limited	Australia	**100.0**	100.0
Broadcast Australia Finance No.2 Pty Limited	Australia	**100.0**	100.0
Broadcast Australia Holdings (Vic) Pty Limited	Australia	**100.0**	100.0
The Bridge Networks Pty Limited	Australia	**100.0**	100.0
Digital 4 Pty Limited	Australia	**100.0**	100.0
BAI Communications Holdings Pty Limited	Australia	**100.0**	100.0
BAI Critical Communications Pty Limited	Australia	**100.0**	100.0
BAI Aust Pty Limited	Australia	**100.0**	100.0
The Bridge Networks New Zealand Holdings Limited	New Zealand	**100.0**	100.0
Frequency Infrastructure (Luxembourg) S.a.r.l.	Luxembourg	**100.0**	100.0
BAI Communications Limited	Hong Kong	**90.0**	90.0
BAI Communications Inc	Canada	**100.0**	100.0
BAI Communications Europe Limited	UK	**100.0**	100.0
BAI Communications Limited	UK	**100.0**	100.0
BAI Communications US LLC	USA	**100.0**	100.0
BAI Communications US (North East) Inc	USA	**100.0**	100.0
BAI Communications US Holdings Corporation	USA	**100.0**	100.0
Transit Wireless LLC	USA	**83.7**	83.7
Massachusetts Bay Area Fiber LLC	USA	**100.0**	100.0

13 Contingent liabilities

(a) Bank and performance guarantees

	As at	
	30 June 2020 $'000	30 June 2019 $'000
Bank and performance guarantees	**10,683**	10,267

The Group has agreed to extend financial performance bonds to certain customers of the Group under certain circumstances. The maximum potential amount of those bonds is $32m.

14 Cash flow information

(a) Reconciliation of loss after income tax to net cash inflow from operating activities

	Year ended	
	30 June 2020 $'000	30 June 2019 $'000
Net result from ordinary activities after income tax	**(159,828)**	(104,873)
Depreciation and amortisation of non-current assets	**170,641**	123,394
Impairment of assets	**198**	146
Unrealised foreign exchange loss	**3,054**	9,301
(Gain)/Loss on revaluation of property, plant and equipment	**(2,395)**	8,772
Interest expense included in financing activities	**143,274**	130,623
Gain on disposal of assets	**(24)**	(8,411)
Net swaps expense	**8,302**	17,157
Removal of write-off of upfront borrowing fees included in operating expenses	**2,691**	-
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	**8,657**	(4,276)
(Increase)/decrease in other assets	**(2,301)**	(26,411)
(Increase) in deferred tax liabilities	**56,465**	29,783
Increase/(decrease) in payables	**1,347**	(3,171)
(Decrease)/increase in accrued expenses	**(2,467)**	11,381
Increase/(decrease) in provisions	**2,535**	(3,267)
(Decrease) in other liabilities	**(28,376)**	(7,223)
Net cash inflow from operating activities	**201,773**	172,925

14 Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

	Opening 30 June 2019 $'000	**Financing cash flows**	**Non-cash changes: Changes in exchange rates**	**Non-cash changes: Interest capitalised**	**Non-cash changes: Amortisation of borrowing costs**	**Closing 30 June 2020 $'000**
US Private Placement	**376,391**	-	3,700	-	-	**380,091**
Bank facilities	**37,781**	360,219	-	-	-	**398,000**
Term loan	**500,000**	(289,075)	-	-	-	**210,925**
Transit Wireless EB-5 Loan	**107,265**	-	1,826	-	-	**109,091**
Capitalised external financing costs	**(7,500)**	(8,103)	(39)	-	5,119	**(10,523)**
Convertible notes	**808,700**	(8,890)	-	99,048	-	**898,858**
	1,822,637	54,151	5,487	99,048	5,119	**1,986,442**

	Opening 30 June 2018 $'000	**Financing cash flows**	**Non-cash changes: Changes in exchange rates**	**Non-cash changes: Interest capitalised**	**Non-cash changes: Amortisation of borrowing costs**	**Closing 30 June 2019 $'000**
US Private Placement	**364,962**	-	11,429	-	-	**376,391**
Bank facilities	**157,781**	(120,000)	-	-	-	**37,781**
Term loan	**500,000**	-	-	-	-	**500,000**
Transit Wireless EB-5 Loan	**100,271**	1,430	5,564	-	-	**107,265**
Capitalised external financing costs	**(9,839)**	-	-	-	2,339	**(7,500)**
Convertible notes	**727,804**	(8,000)	-	88,896	-	**808,700**
	1,840,979	(126,570)	16,993	88,896	2,339	**1,822,637**

15 Commitments

(a) Non-cancellable operating leases

	As at 30 June 2019 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Within one year	24,241
Later than one year but not later than five years	77,900
Later than five years	50,401
	152,542

There are no significant outstanding commitments for minimum lease payments in relation to non-cancellable short term leases and leases of low-value assets as at 30 June 2020.

16 Events occurring after the reporting period

In July 2020, The Bridge Networks New Zealand Holdings Limited (TBNNZH), a dormant subsidiary of BAI Communications Pty Ltd was successfully removed from the New Zealand Companies Register. Consequently, the investment in TBNNZH was written off to nil.

The related party loan notes were refinanced on 14 July 2020. The maturity was extended for an additional 9 years and 50 weeks, with a repayment date of 29 June 2030 and an interest rate of 5.42%. $100,000,135 of the loan notes were converted into equity in the form of non-director voting shares at 14 July 2020.

The impact of COVID is ongoing and while it has not had a significant detrimental effect on the Group up to 30 June 2020 due to our long term customer contracts, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on the measures imposed by the various Governments in the jurisdictions the Group operates in, such as maintaining social distance requirements, quarantine, travel restrictions (particularly in terms of train and subway travel) and any economic stimulus that may be provided. The Group may also be affected by delays in future growth opportunities with its customers.

17 Related parties

The parent entity within the Group is Frequency Infrastructure Australia Holdings Pty Ltd, which is also the ultimate Australian parent entity. The ultimate parent entity and controlling party is Canada Pension Plan Investment Board (incorporated in Canada) which at 30 June 2020 owns 86.21% of the issued ordinary shares of Frequency Infrastructure Australia Holdings Pty Ltd. The remaining 13.79% is owned by PIP3GV (AABA) Ltd and PIP3PX (AABA) Ltd who together acquired 10% and are managed by Alberta Investment Management Corporation (AIMCo) and Pioneer Communications GP Inc. and Pioneer Communications Limited Partnership who acquired 3.76% and 0.03% respectively. Refer note 9(e).

18 Remuneration of auditors

The auditor of the parent entity for the year ended 30 June 2020 was Deloitte Touche Tohmatsu (30 June 2019: Deloitte Touche Tohmatsu)

(a) Auditor of the parent entity

(i) Audit and other assurance services

	Year ended	
	2020	2019
	$	$
Audit services	**580,783**	472,652
Total remuneration for audit and other assurance services	**580,783**	472,652

(b) Network firms of the auditor of the parent entity

(i) Audit and other assurance services

Audit services provided to Transit Wireless, BAI Canada and BAI Hong Kong	**355,492**	401,167
Total remuneration for audit and other assurance services	**355,492**	401,167
Total auditors' remuneration	**936,275**	873,819

19 Deed of cross guarantee

Frequency Infrastructure Australia Holdings Pty Limited (FIAHPL), Frequency Infrastructure Australia Pty Limited (FIAPL), CPPIB Infrastructure Management Limited (CIML), Frequency Infrastructure Pty Limited (FIPL), Frequency Infrastructure Holdings Pty Limited (FIHPL) and Frequency Infrastructure Holdings No 1 Pty Limited (FIHNo1PL) are parties to a deed of cross guarantee which was entered into in June 2011 under which each company guarantees the debt of the others.

BAI Communications Holdings Pty Limited (BAICHPL) and BAI Aust Pty Limited (BAI Aust) were added to the deed of cross guarantee in June 2018.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The Deed becomes enforceable in respect of such a debt on the winding up of a party to the Deed under subsection 459A or paragraphs 461(a), (h) or (j) of the Act or a creditor's voluntary winding up under Part 5.5 of Division 3 of the Act, or otherwise if six months after a resolution or order for winding up a creditor has not been paid in full. Refer Note 1(a).

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated accumulated losses

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by FIAHPL, they also represent the 'extended closed group'.

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2020 of the closed group consisting of BAICHPL, BAI Aust, FIAHPL, FIAPL, CIML, FIPL, FIHPL and FIHNo1PL.

	30 June 2020 $'000	30 June 2019 $'000
Consolidated income statement		
Interest income from related parties	**133,325**	118,444
Interest income from third parties	**65**	135
Other income	**12,883**	16,053
Foreign exchange gain	**646**	2,128
Borrowing costs	**(1,020,191)**	(889,931)
Salaries and employee benefits expense	**(6,138)**	(2,478)
Other expenses	**(7,789)**	(2,565)
Loss before income tax	**(887,199)**	(758,214)
Income tax benefit	**188,803**	184,363
Loss for the year after income tax benefit	**(698,396)**	(573,851)

	30 June 2020 $'000	30 June 2019 $'000
Consolidated statement of comprehensive income		
Loss for the year	**(698,396)**	(573,851)
Total comprehensive loss for the year	**(698,396)**	(573,851)

19 Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated accumulated losses (continued)

	30 June 2020 $'000	30 June 2019 $'000
Summary of movements in consolidated accumulated losses		
Opening balance	**(4,270,727)**	(3,696,876)
Loss for the year	**(698,396)**	(573,851)
Closing balance	**(4,969,123)**	(4,270,727)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2020 of the closed group consisting of BAICHPL, BAI Aust, FIAHPL, FIAPL, CIML, FIPL, FIHPL and FIHNo1PL.

	30 June 2020 $'000	30 June 2019 $'000
Current assets		
Cash and cash equivalents	**6,494**	26,878
Trade and other receivables	**7**	-
Total current assets	**6,501**	26,878
Non-current assets		
Loans and receivables	**3,488,487**	2,355,828
Investments in controlled entities	**1,512,013**	1,498,720
Deferred tax assets	**360,355**	346,267
Total non-current assets	**5,360,855**	4,200,815
Total assets	**5,367,356**	4,227,693
Current liabilities		
Accrued expenses	**914**	984
Interest bearing liabilities	**4,969,139**	4,193,294
Non-interest bearing liabilities	**1,612,089**	1,612,089
Trade and other payables	**1,395,200**	568,374
Related party loan notes	**898,858**	-
Total current liabilities	**8,876,200**	6,374,741
Non-current liabilities		
Interest bearing liabilities	**969,536**	1,632,936
Total liabilities	**9,845,736**	8,007,677
Net assets	**(4,478,380)**	(3,779,984)
Equity		
Contributed equity	**490,743**	490,743
Accumulated losses	**(4,969,123)**	(4,270,727)

19 Deed of cross guarantee (continued)

(b) Consolidated balance sheet (continued)

	30 June 2020 $'000	30 June 2019 $'000
Total equity	**(4,478,380)**	(3,779,984)

20 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2020 $'000	30 June 2019 $'000
Current assets	**2,273**	14,968
Total assets	**3,300,298**	2,833,937
Current liabilities	**(3,599,511)**	(2,167,826)
Total liabilities	**(3,599,511)**	(2,976,526)
Net liabilities	**(299,213)**	(142,589)
Shareholders' equity		
Issued capital	**456,829**	456,829
Accumulated losses	**(756,042)**	(599,418)
Total equity	**(299,213)**	(142,589)
Loss for the year	**(156,624)**	(110,873)
Total comprehensive income	**(156,624)**	(110,091)

(b) Current Liabilities

Current liabilities include amounts due under tax funding agreements of $2,673.1million (2019: $2,166.5million), intercompany payables of $26.7million (2019: $0.3million) and accrued expenses of $1.0million (2019: $1.0million). As parent of the Group, FIAHPL has the ability to dictate when the tax and intercompany liabilities are repaid. Therefore, the directors believe that there are reasonable grounds to expect that the Company and the Group will be able to meet their debts as and when they fall due as a result of the above and the cash flows expected to be generated by the Group.

20 Parent entity financial information (continued)

(c) Contingent liabilities and contractual obligations of the parent entity

FIAHPL has accepted responsibility to procure that no Australian subsidiary company of FIAHPL will call on its intercompany loans to the extent that it would render another company in the FIAHPL Group insolvent. The directors are not aware of any instances at present whereby FIAHPL will be required to provide financial assistance at FIAHPL's expense.

FIAHPL had no contractual commitments as at 30 June 2020 and 30 June 2019.

(d) Tax consolidation legislation

FIAHPL is the head entity within the FIAHPL Tax Consolidated Group (TCG). The entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate FIAHPL for any current tax payable assumed and are compensated by FIAHPL for any current tax receivable under the tax consolidation legislation and compensated for by FIAHPL for the losses transferred to FIAHPL. The amounts receivable / payable under the tax funding agreement are due upon transfer. The funding amounts are recognised as intercompany receivables and payables.

As a result of differences between amounts payable under tax funding arrangements and tax balances recognised in wholly owned subsidiaries, FIAHPL has recognised equity contributions to wholly owned subsidiaries of $591.7m (30 June 2019: $504.6m).

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 61 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 19 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 19.

This declaration is made in accordance with a resolution of directors.

Bart Vogel
Director
Sydney
29 October 2020

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Frequency Infrastructure Australia Holdings Pty Ltd

Opinion

We have audited the financial report, being a special purpose report, of Frequency Infrastructure Australia Holdings Pty Ltd (the "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss, the consolidated statement of 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 accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of their financial performance for the year then ended; and

(ii) complying with *Australian Accounting Standards* to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended but does not include the financial report and our auditor's report thereon.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Deloitte.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 29 October 2020

EXHIBIT D

COPY OF THE INVESTMENT AGREEMENT DATED JUNE 25, 2021

TRADE SECRET INFORMATION FILED UNDER SEAL WITH A REQUEST FOR CONFIDENTIAL TREATMENT

VERIFICATIONS

GARY JABARA

GARY JABARA REVOCABLE TRUST AND MOBILITIE, LLC

JOHN MACKAY

BAI COMMUNICATIONS US HOLDINGS II LLC

STATE OF California)
)
CITY/COUNTY OF Newport Beach)

VERIFICATION

I, Gary Jabara, hereby declare that:

(1) I am Trustee of the Gary Jabara Revocable Trust;

(2) I am authorized to make this verification on behalf of the Gary Jabara Revocable Trust; and

(3) The statements in the foregoing petition relating to the Gary Jabara Revocable Trust are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of June, 2021.

Gary Jabara
Trustee
Gary Jabara Revocable Trust

SWORN TO AND SUBSCRIBED before me on the ______ day of ____, 2021.

Notary Public

My commission expires: ____________________

See attached.

GA

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange

Subscribed and sworn to (or affirmed) before me on this 28 day of June, 2021, by Gary Bernard Jabara

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

ASHLEY ROGERS
COMM. #2255763
Notary Public - California
Orange County
My Comm. Expires Aug. 25, 2022
NRO1

(Seal) Signature Ash Rg

STATE OF California)
)
CITY/COUNTY OF Newport Beach)

VERIFICATION

I, Gary Jabara, hereby declare that:

(1) I am Chief Executive Officer of Mobilitie, LLC;

(2) I am authorized to make this verification on behalf of Mobilitie, LLC; and

(3) The statements in the foregoing petition relating to Mobilitie, LLC are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of June, 2021.

Gary Jabara
Chief Executive Officer
Mobilitie, LLC

~~SWORN TO AND SUBSCRIBED before me on the ______ day of _____, 2021.~~

~~Notary Public~~

~~My commission expires: ____________________~~

See attached.

GA

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange

Subscribed and sworn to (or affirmed) before me on this 28 day of June, 2021, by Gary Bernard Jabara,

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

ASHLEY ROGERS
COMM. #2255763
Notary Public - California
Orange County
My Comm. Expires Aug. 25, 2022
NR01

(Seal) Signature Ash Rog

STATE OF New South Wales)
)
CITY/~~COUNTY~~ OF Sydney Australia)

VERIFICATION

I, John Mackay, hereby declare that:

(1) I am Group General Counsel of BAI Communications US Holdings Corporation;

(2) BAI Communications US Holdings Corporation is the sole member of BAI Communications US Holdings II LLC and is authorized to make this verification on its behalf; and

(3) The statements in the foregoing petition relating to BAI Communications US Holdings II LLC are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 29 day of June, 2021.

BAI Communications US Holdings Corporation
By: John Mackay
Title: Group General Counsel

SWORN TO AND SUBSCRIBED before me on the 29th day of June, 2021.

Notary Public

My commission expires: 30 July 2022

SHANE MORAN
Notary Public
Sydney, New South Wales, Australia
Legal Profession Admission Board
Notary ID:149

[SEC=PROTECTED]

I SHANE MORAN, Notary Public duly admitted and enrolled and practising in Sydney in the state of New South Wales the Commonwealth of AUSTRALIA certify that the signature on the document on the reverse of this certificate purporting to be the signature of JOHN SCOTT MACKAY
residing at 41 LUCINDA AVE, WAHROONGA. NSW AUSTRALIA
and holder of AUSTRALIAN PASSPORT # PB1890644 2076
is his/her true signature and proper handwriting

IN WITNESS of which I have signed this notarial act and affixed my seal of office this 29 day of JUNE 2021

....

Shane Moran
Notary Public
Sydney, New South Wales, Australia