G8 COMMUNICATIONS

G8 COMMUNICATIONS LIMITED
(FORMERLY LEOPARD RESOURCES NL)
AND ITS CONTROLLED ENTITIES
ABN 99 009 076 233

CONSOLIDATED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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CORPORATE INFORMATION

This annual report is for G8 Communications Limited (formerly Leopard Resources NL) and its controlled entities ("the Group") for the year ended 30 June 2016. Unless otherwise stated, all amounts are presented in Australian Dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report. The directors' report is not part of the financial statements.

Directors

Mr Jason Ferris *(Executive Chairman)*

Mr Yakov Temov *(Managing Director and Chief Executive Officer)*

Mr Blaise Thomas *(Non-Executive Director)*

Mr Eric de Mori *(Non-Executive Director)*

Company Secretary

Ms Nicki Farley

Registered and Principal Office

Level 24
44 St Georges Terrace,
PERTH WA 6000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6005

Share Registry & Register

Link Market Services Ltd
Level 2, 178 St Georges Terrace
PERTH WA 6000
Ph: 1300 554 474

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Tce
PERTH WA 6000

Bankers

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

Westpac Bank
1257 – 1261 Hay Street
WEST PERTH WA 6005

Stock Exchange Listing

G8 Communications Limited
(formerly Leopard Resources NL) is listed on
the Australian Securities Exchange.
ASX Code: G8C (formerly LRR)

Contact Information

Ph: 08 6211 5099
Fax: 08 9218 8875

Web Site

www.g8communications.com.au

DIRECTORS' REPORT

The directors of G8 Communications Limited (formerly Leopard Resources NL) and its controlled entities ("the Group") submit herewith the annual financial statements of the Group for the financial year ended 30 June 2016.

These financial statements cover the period from 1 July 2015 to 30 June 2016. In order to comply with the provision of the Corporations Act 2001, the directors' report is as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Mr Jason Ferris	**Non-Executive Director (appointed 28 April 2015) and became Executive Chairman on 18 January 2016** Mr Ferris is an experienced financial services professional having worked in financial services, property and corporate finance industries for more than 25 years. Mr Ferris is an experienced company director having served on the board of numerous public and private companies in Australia, South Africa and United Kingdom. He is a Fellow of the Australian Institute of Management (FAIM) and is a Member of the Australian Institute of Company Directors (MAICD). He has also facilitated many joint venture opportunities in both property, tech and mining sectors.
Interest in Shares	Nil shares.
Interest in Options	Nil options.
Directorships held in other listed entities	During the past three years Mr Ferris has served as a Director for the following other listed companies: (a) Diploma Group Limited – appointed 30 March 2015; and (b) Windimurra Vanadium Limited – appointed 31 July 2014.
Mr Yakov Temov	**Managing Director and Chief Executive Officer (appointed 18 January 2016)** Mr Temov specializes in product development and executive leadership, with a long and consistent track record of successfully delivering innovative products on time and under budget, fast yet high quality roadmap evolutions, and building and growing world-class engineering teams. Most recently, Mr Temov was CEO and Founder of White Label Corporation. Prior to that, Mr Temov was VP of Engineering at U4EA Technologies, Inc. (acquired by Gos Networks, Ltd.) where he was responsible for all product design, engineering, and testing.
Interest in Shares	Mr Temov holds 46,000,000 ordinary shares, 34,550,000 Class A performance shares and 17,275,000 Class B performance shares directly in the Company.
Interest in Options	Nil options.
Directorships held in other listed entities	During the past three years Mr Temov has not held directorship of any other ASX listed companies.

DIRECTORS' REPORT (CONT'D)

Mr Blaise Thomas - **Non-Executive Director (appointed 28 April 2015)**

Mr Thomas has over 25 years' experience in building and managing businesses in Australia and the UK and has held executive level positions in private and publicly listed companies. His corporate experience has been within Resources, Engineering, Technology and Banking & Financial Services industries. With expertise across business and market development, contract management, operations, strategy, finance and people management.

Mr Thomas has advised a number of early-stage businesses on sales & marketing strategies, leadership structure, commercial partnerships and investor relations.

Interest in Shares Nil shares.

Interest in Options Nil options.

Directorships held in-other listed entities During the past three years Mr Thomas has not held directorship of any other ASX listed companies.

Mr Eric de Mori **Non-Executive Director (appointed 18 January 2016)**

Mr de Mori specialises in natural resources, technology and biotechnology transactions with a focus on the ASX. He advises clients on M&A activity, capital raisings, Initial Public Offerings (IPO's) Reverse Take Over's (RTO) recapitalisation and restructure and DOCA process management.

Mr de Mori was previously a Non-Executive Director of Newera Resources Ltd, now Consolidated Zinc Ltd (ASX.CZL), and also held director positions with Incitive Ltd, now Hawkley Oil and Gas Limited (ASX.HOG) and Coventry Resources Ltd (ASX.CVY). He was also a Non-Executive Director of Alcyone Resources Ltd (ASX.AYN) where he helped lead the company's corporate restructure and evolution into a successful silver producer. Mr de Mori was Corporate Advisor and major shareholder in Intermet Resources Ltd, where he was instrumental in leading the acquisition of US HR tech company 1-Page, and subsequent $8.5m backdoor listing (ASX:1PG).

Mr de Mori graduated from Murdoch University with a Bachelor of Arts, and holds a Diploma of Financial Services (RG146 compliance) with Financial Services Institute of Australasia (FINSIA).

Interest in Shares Mr de Mori holds 5,400,000 ordinary shares in the Company.

Interest in Options Nil options.

Directorships held in other listed entities During the past three years Mr de Mori has served as a Director for the following other listed companies;

(a) Newera Resources Ltd - resigned on January 2015.

DIRECTORS' REPORT (CONT'D)

Mr Craig Willis — **Non-Executive Director (resigned 18 January 2016)**

Interest in Shares — Mr Willis held 334,999 shares in the Company at the date of resignation.

Interest in Options — Mr Willis held nil options in the Company at the date of resignation.

Directorships held in other listed entities — During the past three years Mr Willis has not held directorship of any other ASX listed companies.

Mr Graham Chapman — **Non-Executive Director (resigned 18 January 2016)**

Interest in Shares — Mr Chapman held nil shares in the Company at the date of resignation.

Interest in Options — Mr Chapman held nil options in the Company at the date of resignation.

Directorships held in other listed entities — During the past three years Mr Chapman has served as a Director for the following other listed companies;

(a) Windimurra Vanadium Limited – appointed 21 January 2015.

Ms Nicki Farley — **Company Secretary (appointed 21 December 2015)**

Ms Farley has over 10 years' experience working within the legal and corporate advisory sector providing advice in relation to capital raisings, corporate and securities laws, mergers and acquisitions and general commercial transactions. Ms Farley also holds a number of company secretarial roles for ASX listed companies. Ms Farley holds a Bachelor of Laws and Arts from the University of Western Australia.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

The Board of Directors also approved four circular resolution during the year ended 30 June 2016 which were signed by all Directors of the Company. The audit, compliance and corporate governance committee is performed by the Board of Directors.

	Board of Directors	
Directors	**Eligible to Attend**	**Attended**
Mr Jason Ferris	-	-
Mr Yakov Temov[1]	-	-
Mr Blaise Thomas	-	-
Mr Eric de Mori[1]	-	-
Mr Craig Willis[2]	-	-
Mr Graham Chapman[2]	-	-

[1] Mr Temov and Mr de Mori were appointed during the financial year.
[2] Mr Willis and Mr Chapman resigned during the financial year.

DIRECTORS' REPORT (CONT'D)

Interests in the shares, options and convertible notes of the Company and related bodies corporate
The following relevant interests in shares and options of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Fully paid ordinary shares Number	Performance shares Number
Mr Jason Ferris	-	-
Mr Yakov Temov	97,825,000	51,825,000[1]
Mr Blaise Thomas	-	-
Mr Eric de Mori	5,400,000	-
Mr Craig Willis	334,999	-
Mr Graeme Chapman	-	-

[1] 34,550,000 Class A Performance Shares and 17,275,000 Class B Performance Shares were issued to Mr Temov as part of the consideration under the Vendor Offer for the acquisition of the Connected Group.

Share options granted to Directors and senior management
During and since the financial year, no options granted to Directors and senior management (30 June 2015: nil).

Principal activities
During the year, the Company acquired 100% of Connected IO, Inc. ("CIO") and ICU Wireless Systems Limited ("ICU") (together the "Connected Group"). The Group is focused on sales and marketing of the Connected Group's products and further product development.

Operating results and financial position
In accordance with AASB 3 'Business Combinations', this transaction is within the scope of the accounting standard and is deemed to be a business combination. As such, consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the entity on the acquisition date.

On 18 January 2016, The Company issued 200,000,000 Vendor shares valued at $0.02 per share which was the market price of the shares at the date of exchange, as consideration for the acquisition of Connected Group.

Review of operations
On 24 March 2016 the Company announced that it has appointed ex Apple and Hewlett-Packard Marketing Manager Ted Sanchez as its Head of International Sales. Mr. Sanchez will oversee G8's continued revenue growth, global expansion of sales and will be responsible for building new industry partnerships.

On 6 April 2016, the Company announced that it has delivered its first units to the Nashville police force as part of a pilot program to deploy and retrofit existing surveillance cameras. In addition, the Company has received an order from the Nashville police force to provide further units to continue the pilot trial.

On 20 April 2016, the Company announced it had received a letter of intent recognizing the collaborative nature of the existing relationship with CIO and outlining Verizon's plans to expand and further developed its relationship with Verizon's Innovation Program. Verizon Innovation Program have partnered with CIO since 2013 to design, manufacture, distribute and support the first generation of Machine Connect modems. The letter of intent expresses Verizon's intention to continue this relationship through to the next generation of Machine Connect 2.0 products. In addition, Verizon's Innovation Program awarded G8 with direct, collaborative access to Verizon's entire nationwide sales force.

Review of operations (cont'd)

On 10 May 2016 the Company announced that sales of its Machine Connect modems to Sanmina Corp have resumed for CY2016 for use as a connectivity solution in Coca Cola's North American Freestyle vending machines. The resumption of sales at scale to Sanmina, reinforces G8C's ability to capture and maintain large, key long term customers with its best in class product and market competitive price. The ongoing relationship with Sanmina and Coca Cola which has been developed over 12 months is anticipated to provide growing sales throughout CY2016 as the product is potentially deployed over a range of Coca Cola vending machines numbering in the 100,000's in North America.

In addition, G8C announced that it has also commenced sales to two new clients outside of the vending machine industry. Profile Systems is a United States company and a subsidiary of Whiteco Industries which was established in 1992. EPRI is a US based institute that conducts research and development relating to the generation, delivery and use of electricity for the benefit of the public.

On 24 May 2016 the Company announced its wholly owned subsidiary CIO had released its latest innovative machine to machine ("M2M") product to the market. Maintaining G8's focus on the Internet of Things ("IoT"), G8C's cloud managed energy modules (CEA 2045) will provide connectivity to a variety of energy management and control applications. Formal trials will commence with existing EPRI members in the United States, before exploring extended international markets.

On 25 May 2016 the Company announced that it had executed an M2M Teaming Agreement ("MTA") with Vodafone Global Enterprises Limited ("Vodafone") the purpose of which is to team together to create joint opportunities to customers of both parties. Vodafone intends to supply services that can be configured and customised to specific customer applications utilising G8C's products and technology.

It is intended that Vodafone will integrate G8C's machine connect and EMU router products as well as bundling the newly deployed cloud management platform for presentation to their enterprise customers.

On 1 June 2016 the Company announced that it has entered into an exclusive Distributor Agreement with Hills Limited (ASX: HIL) ("Hills"). The Agreement with Hills is the first distributor agreement executed by G8C outside of North America and aligns with G8C's strategy to roll out both its existing and next generation machine-to-machine ("M2M") products and cloud managed platform globally. Hills is an Australian publicly listed company which operates a business as a distributor of integrated technology and communications solutions. Hills' business, now 70 years old, is focused on the security, audio visual and communications sectors, all of which complement the G8C product range and its M2M connectivity and cloud managed solutions.

On 20 June 2016 the Company announced that its CIO had commenced sales of its Machine Connect modems to the American Red Cross. The American Red Cross will utilize CIO's M2M products to provide connectivity to their Emergency Response Vehicles (ERV's) enabling reliable vehicle tracking, enhanced security and the real-time transfer of vital medical information to and from Red Cross headquarters and their local support crews. ERV's circulate throughout affected communities after disasters to distribute out food, relief supplies, information and to give comfort and support to those in need.

Subsequent events

On 2 August 2016 the Company advised that its wholly owned subsidiary CIO had completed formal certification with AT&T which will allow for deployment of its wireless modem and router products in August 2016. Initial discussions with AT&T indicate significant product orders can be anticipated, potentially in the hundreds of thousands. AT&T deliver advanced mobile services, next generation TV, high-speed internet and smart solutions for people and businesses. AT&T provide solutions to 3.5 million businesses on 6 continents including almost all of the Fortune 1000 companies. This relationship provides G8C with a significant platform on which to expand sales in the United States.

On 11 August 2016, the Company announced that it had received firm commitments from sophisticated investors to raise $3 million. The placement was significantly oversubscribed with strong support from new and existing sophisticated investors. Under the placement, G8C issued 100 million new ordinary shares at $0.03 per share on 30 August 2016. The proceeds from the placement will be used to expedite growth to accommodate new strategic relationships and distribution channels.

DIRECTORS' REPORT (CONT'D)

Subsequent events (cont'd)

On 23 August 2016, the Company announced that it had executed an agreement to provide its Lt1000 modem to the State of Nebraska to be integrated into snow plows to provide 4g streaming video. The agreement is for the provision of up to 650 units over 3 years and the first batch of 215 units.

On 29 August 2016, the Company announced and released a cleansing prospectus relating to the successful placement (of the same date) of 100,000,000 shares at an issue price of $0.03 to raise a total of $3,000,000.

On 1 September 2016, the Company announced the official launch of its cloud based management software product EMU Router through receipt of first shipment from its manufacturing headquarters in China. The EMU router product introduces a recurring revenue model to G8C via remote management of information collected and stored on behalf of its customers. G8C also shipped first orders to US Based law enforcement company Shotspotter.

On 20 September 2016, the Company provided a market update announcing building revenues via developing opportunities. The announcement confirmed cash receivables reaching USD$200,000 for the quarter as well as USD$500,000 inventory ready to be shipped on order. It also highlighted successful presentations at CTIA to North American telco's and distributors as well as discussions with AT&T enterprise customers where first orders are anticipated. Also included were growth in Verizon sales, Coca Cola expansion via EMU Router product, extension of EPRI trials via new orders, expansion of Nashville Police Force trials via larger order expected this year, orders expected through Verizon enterprise customers, appointment of Hills BDM ahead of first purchase orders and the continuing relationship with Red Cross USA for safety and relief purposes.

Future developments

The Group will continue to develop, sell and market the Connected Group's products.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report.

Environmental issues

The Group's operations are not subject to significant environmental regulations under the law of the Commonwealth or of a State or Territory.

Dividends

No amounts have been paid or declared by way of dividend by the Group since the end of the previous financial year and the Directors do not recommend the payment of any dividend.

Indemnification of officers and auditors

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The board policy is to remunerate non-executive directors at a level which provides the company with the ability to attract and retain directors with the experience and qualification appropriate to the development strategy of the Company. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. The current maximum amount of remuneration that may be paid to all non-executive Directors has been set at $500,000 per annum at the Company's General Meeting held on 14 March 2014.

Directors' fees are reviewed annually. During the period, the non-executive director fees were $60,000 per annum. Non-executive directors' fees are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

During the financial year, the Group did not employ the use of remuneration consultants.

DIRECTORS' REPORT (CONT'D)
REMUNERATION REPORT (AUDITED) (CONTINUED)

Key Management Personnel
The Key Management Personnel of the Group are considered to be the directors of the Company.

The following table discloses the contractual arrangements with the Group's Key Management Personnel.

Component	Executive Chairman – Mr Jason Ferris
Fixed remuneration	$120,000
Contract duration	2 years commencing on 18 January 2016.
Termination notice by the individual/company	12 months.
Other entitlements	Annual leave plus superannuation

Component	Managing Director and Chief Executive Officer – Mr Yakov Temov
Fixed remuneration	USD 150,000 (paid through Connected IO)
Contract duration	2 years commencing on 18 January 2016.
Termination notice by the individual/company	12 months.
Other entitlements	Annual leave.

Relationship between the remuneration policy and company performance
Aside from the matters described above, no Director held or holds any contract for performance-based remuneration with the Company.

Remuneration expense details for the year ended 30 June 2016
The directors were paid the following amounts as compensation for their services as key management personnel of the Group during the year:

	Short-term employee benefits			Post employment benefits	Share-based payment		
2016	**Salary & fees $**	**Bonus $**	**Other $**	**Superannuation $**	**Options & rights $**	**Total $**	**% Consisting of share-based payments $**
Directors							
Jason Ferris[1]	89,186	-	-	3,325	-	**92,511**	-
Yakov Temov[2]	85,855	-	-	-	-	**85,855**	-
Blaise Thomas[3]	60,000	-	-	-	-	**60,000**	-
Eric de Mori[4]	27,097	-	-	-	-	**27,097**	-
Craig Willis[5]	35,000	-	-	-	-	**35,000**	-
Graham Chapman[6]	32,258	-	-	-	-	**32,258**	-
Total	**329,396**	**-**	**-**	**3,325**	**-**	**332,721**	**-**

[1] Mr Ferris's director fees were paid directly to himself and also to Woodchester Finance Pty Ltd, a company of which he is a Director and Shareholder.
[2] Mr Temov was appointed on 18 January 2016 and his director fees were paid to himself.
[3] Mr Thomas's director fees were paid to International Island Group Pty Ltd, a company of which he is a Director and Shareholder.
[4] Mr de Mori was appointed on 18 January 2016 and his director fees were paid to Glamour Division Pty Ltd, a company which he is a Director and Shareholder.

DIRECTORS' REPORT (CONT'D)
REMUNERATION REPORT (AUDITED) (CONTINUED)

[5] Mr Willis resigned on 18 January 2016 and his director fees were paid to himself.
[6] Mr Chapman resigned on 18 January 2016 and his director fees were paid to Badger Resources Limited, a company of which he is a director and shareholder.

	Short-term employee benefits			Post employment benefits	Share-based payment		
2015	**Salary & fees $**	**Bonus $**	**Other $**	**Superannuation $**	**Options & rights $**	**Total $**	**% Consisting of share-based payments $**
Directors							
Craig Willis	174,000	-	-	2,850	-	176,850	-
Richard Griffin[1]	99,376	-	-	2,376	-	101,752	-
Doug Spinley[2]	103,388	-	-	2,646	-	106,034	-
Jason Ferris	10,500	-	-	-	-	10,500	-
Blaise Thomas	10,333	-	-	-	-	10,333	-
Graham Chapman	7,742	-	-	-	-	7,742	-
Total	**405,339**	**-**	**-**	**7,872**	**-**	**413,211**	**-**

[1] Mr Griffin resigned on 28 April 2015.
[2] Mr Spinley resigned on 29 April 2015.

Securities received that are not performance-related
No members of key management personnel are entitled to receive securities that are not performance-based as part of their remuneration package.

Options
No options were granted as equity compensation benefits to key management personnel during the year ended 30 June 2016 or 30 June 2015.

Key Management Personnel shareholdings
The number of ordinary shares in G8 Communications Limited held by each key management personnel of the Group during the financial year is as follows:

2016	**Balance at 1 July 2015 or on date of appointment**	**Granted as remuneration during the year**	**Issued on exercise of options during the year**	**Net other changes during the year**	**Balance at 30 June 2016 or on date of resignation**
Jason Ferris	-	-	-	-	-
Yakov Temov	46,000,000	-	-	51,825,000	97,825,000
Blaise Thomas	-	-	-	-	-
Eric de Mori	5,400,000	-	-	-	5,400,000
Craig Willis	20,100,000	-	-	(19,765,001)[1]	334,999[2]
Graham Chapman	-	-	-	-	-

[1] Shares were consolidated on a 1:60 basis during the year.
[2] Balance held on date of resignation.

DIRECTORS' REPORT (CONT'D)
REMUNERATION REPORT (AUDITED) (CONTINUED)

The number of performance shares in G8 Communications Limited held by each key management personnel of the Group during the financial year is as follows:

2016	Balance at 1 July 2015 or on date of appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Net other changes during the year	Balance at 30 June 2016 or on date of resignation
Jason Ferris	-	-	-	-	-
Yakov Temov	-	-	-	51,825,000[1]	-
Blaise Thomas	-	-	-	-	-
Eric de Mori	-	-	-	-	-
Craig Willis	-	-	-	-	-
Graham Chapman	-	-	-	-	-

[1] 34,550,000 Class A Performance Shares and 17,275,000 Class B Performance Shares were issued to Mr Temov as part of the consideration under the Vendor Offer for the acquisition of the Connected Group.

There were no performance shares issued or in existence in the financial year ended 30 June 2015.

Other equity-related key management personnel transactions
There have been no other transactions involving equity instruments apart from those describe in the table above relating to options, rights and shareholdings.

Other transactions with Key Management Personnel and/for their related parties
A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Reimbursements
During the year, $40,159 (ex GST) was paid to Mr Ferris in relation to reimbursements (2015: $nil). Mr Thomas was paid $1,063 (ex GST) in relation to reimbursements (2015: $nil).

Capital Raising Costs
Capital raising fees were paid to Woodchester Finance Pty Ltd during the year. Mr Ferris is a director and shareholder of Woodchester Finance Pty Ltd. The amount incurred for the year ended 30 June 2016 was $8,456 (ex GST)(2015: $nil).

Rental Costs
Craig Willis is a Director and Shareholder of Giarc Investments Pty Ltd ("Giarc"). Giarc provided rental services during the year. The Company incurred rent expense of $59,000 (ex GST) (2015: $76,082 (ex GST)).

Consulting and Admin Costs
Giarc also provided consulting and administration services during the year. The amount incurred for the year ended 30 June 2016 was $36,872 (ex GST) (2015: $359,992 (ex GST)).

End of audited Remuneration Report

DIRECTORS' REPORT (CONT'D)

Shares under option or issued on exercise of options
As at the date of this report there are no shares under option or issued on exercise of options (30 June 2015: nil).

Voting and comments made at the Company's 2015 Annual General Meeting
The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Proceedings on behalf of the Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services
During the year $nil was paid to the auditor for the provision of non-audit services (2015: nil).

Auditor's independence declaration
The auditor's independence declaration is included on page 13 of the annual report.

Signed in accordance with a resolution of the directors

Jason Ferris
Director

Perth
2 October 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of G8 Communications Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Perth, Western Australia
2 October 2016

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	7	236,844	3
Cost of goods sold		(22,622)	-
Gross profit		**214,222**	3
Other income		987	-
Debts forgiven	6	567,774	-
Director fees, salary and wages expense		(1,018,850)	(116,085)
Professional fees		(1,184,572)	(284,144)
Depreciation expense		(737)	(826)
Bank fees		(21,748)	(21)
Administration expense		(632,601)	(226,528)
Loss on scrapping of plant and equipment		-	(2,603)
Net impairment of available-for-sale-investment		-	55,092
Exploration expenditure written off		-	(2,278,358)
Funding facility fees		-	(223,446)
Net loss before tax		**(2,075,525)**	**(3,076,916)**
Income tax expense	8	-	-
Net loss for the year		**(2,075,525)**	**(3,076,916)**
Other comprehensive loss for the year, net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign balances		(220,106)	-
Items that will not be reclassified to profit or loss			
Derecognition of available-for-sale financial asset reserve		-	(70,578)
Total comprehensive loss for the year		**(2,295,631)**	**(3,147,494)**
Earnings per share for loss attributable to the ordinary equity holders of the company			
		Cents	Cents
Basic and diluted loss per share	19	(0.01)	(0.08)

The accompanying notes form an integral part of this consolidated statement of profit or loss and other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Current assets			
Cash and cash equivalents	9	1,295,818	6,348
Trade receivables and other receivables	10	491,414	5,524
Inventory	12	473,882	-
Loan receivable	11	141,445	-
Total current assets		2,402,559	11,872
Non-current assets			
Trade receivables and other receivables	10	-	2,500
Available-for-sale financial assets	13	-	5,262
Goodwill	4	5,122,184	-
Other intangibles	5	606,205	-
Plant and equipment	14	42,829	36,848
Total non-current assets		5,771,218	44,610
Total Assets		**8,173,777**	**56,482**
Current Liabilities			
Trade and other payables	15	(1,282,843)	(1,103,293)
Payroll liabilities		(19,356)	-
Borrowings	16	-	(660,000)
Total current liabilities		(1,302,199)	(1,763,293)
Total Liabilities		**(1,302,199)**	**(1,763,293)**
Net assets/(liabilities)		**6,871,578**	**(1,706,811)**
Equity			
Issued capital	17	60,893,961	50,019,941
Reserves		748,743	968,849
Accumulated losses		(54,771,126)	(52,695,601)
Total Equity		**6,871,578**	**(1,706,811)**

The accompanying notes form an integral part of this consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Consolidated	Issued Capital $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Available-for-sale Financial Assets Revaluation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2014	49,702,238	968,849	-	70,578	(49,618,685)	1,122,980
Net loss for the year	-	-	-	-	(3,076,916)	(3,076,916)
Other comprehensive loss for the year	-	-	-	(70,578)	-	(70,578)
Total comprehensive loss	-	-	-	(70,578)	(3,076,916)	(3,147,494)
Shares issued	300,000	-	-	-	-	300,000
Share issue costs	-	-	-	-	-	-
Funds received - unissued	17,703	-	-	-	-	17,703
Balance at 30 June 2015	50,019,941	968,849	-	-	(52,695,601)	(1,706,811)
Net loss for the year	-	-	-	-	(2,075,525)	(2,075,525)
Other comprehensive loss for the year	-	-	(220,106)	-	-	(220,106)
Total comprehensive loss	-	-	-	-	(2,075,525	(2,295,631))
Shares issued	11,394,763	-	-	-	-	11,394,763
Share issue costs	(520,743)	-	-	-	-	(520,743)
Balance at 30 June 2016	60,893,961	968,849	(220,106)	-	(54,771,126)	6,871,578

The accompanying notes form an integral part of this consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers		508,199	-
Payments to suppliers and employees		(3,686,863)	(230,775)
Interest received		19,694	3
Finance costs		(21,748)	(22,618)
Income tax paid		-	-
Net cash used in operating activities	20	(3,180,718)	(253,390)
Cash flows from investing activities			
Payment of exploration expenditure		-	(191,870)
Proceeds from sale of investment		5,244	-
Cash acquired on acquisition of Connected Group	2	27,175	-
Net cash provided by/(used in) investing activities		32,419	(191,870)
Cash flows from financing activities			
Proceeds from issue of shares		4,500,100	17,703
Payments for share issue costs		(520,743)	-
Proceeds from borrowings		825,000	391,589
Repayment of borrowings		(366,588)	-
Net cash provided by financing activities		4,437,769	409,292
Net change in cash and cash equivalents held		1,289,470	(35,968)
Cash and cash equivalents at beginning of the financial year		6,348	42,316
Cash and cash equivalents at end of financial year	9	1,295,818	6,348

The accompanying notes form an integral part of this consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of G8 Communications Limited (formerly Leopard Resources NL) and its controlled entities.

The financial report has been prepared on an accruals basis and is based on historical costs, except for available-for-sale financial assets which have been measured at fair value. Cost is based on fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

G8 Communications Limited was incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are marketing and product development.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2016

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that the following Standards and Interpretations will have a material effect on the Company in future reporting periods.

- AASB 15 Revenue from contracts with Customers
- AASB 16 Leases
- AASB 9 Financial Instruments

The Company have elected to not early adopt these Standards and Interpretations and have not quantified the material effect of application on future periods.

Other than the above, there are no other material impact of the new and revised Standards and Interpretations on the Group and therefore no change is necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 2 October 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The entity incurred an operating loss of $ $2,075,525 for the year ended 30 June 2016 (2015: $ 3,076,916) and a net cash outflow from operating activities amounting to $ 3,180,718 (2015: $ 253,390).

Based on cash flow forecasts and the successful raising of $3,000,000 via the placement on 30 August 2016, the directors are satisfied that the going concern basis of preparation is appropriate. The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report, the Company believes it can meet all liabilities as and when they fall due.

(e) Basis of consolidation

The consolidated financial statements comprise of the financial statements of G8 Communications Limited (formerly Leopard Resources NL) ("the Company") and its controlled entities ("the Group") as at 30 June 2016.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any no-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group has directly disposed of the relevant assets (i.e. reclassified to profit or loss of transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(f) Business combinations (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

(g) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(g) Revenue recognition Cont'd)

Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Interest income

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(h) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.
The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the Statement of Comprehensive Income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(l) Foreign currency translation

Both the functional and presentation currency of the Company and its controlled entities in these Financial Statements is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Foreign currency translation (cont'd)

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(m) Income Tax

The income tax expense or benefit 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.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Income Tax (cont'd)

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(o) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(p) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:
Plant and equipment – over 3 to 50 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(q) Goodwill (cont'd)

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(r) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(r) Intangible assets (cont'd)

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(s) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(iv) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(u) Interest-bearing loans and 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.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholder's equity, net of income tax effects.

Borrowings are removed from the statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Interest-bearing loans and borrowings (cont'd)

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.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties
Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

(w) Employee leave benefits

Wages, salaries, annual leave and sick leave
Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

Long service leave
The liability for long service leave 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 balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(y) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Impairment of tangible and intangible assets other than goodwill (cont'd)

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(z) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(aa) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of G8 Communications Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(aa) Share-based payment transactions (cont'd)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 19).

(bb) Issued capital

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

(cc) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(dd) Parent entity financial information

The financial information for the parent entity, HLB Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(ee) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ff) Critical Accounting Estimates and Judgments

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Business Acquisition

On 18 January 2016, G8 Communications Limited ("the Company"), through its wholly owned subsidiary G8 International Inc ("G8I") acquired 100% of the voting shares of Connected IO, Inc. ("Connected") and ICU Wireless Systems Limited ("ICU") (together the "Connected Group").

Management assessed the acquisition and deemed it to be a business combination in accordance to AASB 3. As such, consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the entity on the acquisition date.

Share issues for non-cash consideration

On 18 January 2016, 400,000,000 shares were issued to the Vendors of the acquisition. Management valued this at the market price on that date, being $0.01 in accordance with the principles of AASB 2.

Impairment of available-for-sale financial assets

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

2 BUSINESS COMBINATION

Acquisition of the Connected Group

On 18 January 2016, G8 Communications Limited ("the Company"), through its wholly owned subsidiary G8 International Inc ("G8I") acquired 100% of the voting shares of Connected IO, Inc. ("CIO") and ICU Wireless Systems Limited ("ICU") (together the "Connected Group").

In accordance to AASB 3 Business Combination, this transaction is within the scope of the accounting standard and is deemed to be a business combination. As such, consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the entity on the acquisition date.

Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interest in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date.

Goodwill represents the excess of the consideration transferred over fair value of the identifiable net assets acquired. If the consideration is less than the fair value of the net identifiable assets acquired the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

2 BUSINESS COMBINATION (CONT'D)

Consideration paid

The Company issued 200,000,000 Vendor shares valued at $0.02 per share which was the market price of the shares at the date of exchange, as consideration for the acquisition of Connected Group. The proportion of consideration shares paid for CIO and ICU respectively was determined by the number of shares received by the Vendors of the acquisition.

	CIO	ICU	Total
	$	$	$
Consideration Paid	**1,840,000**	**2,160,000**	**4,000,000**

There were no acquisition costs in relation to the business combination.

Assets acquired and liabilities assumed at the date of acquisition

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of the Connected Group based upon the best information available as of the reporting date. Provisional business combination accounting is as follows:

	CIO	ICU	Total
	$	$	$
Cash and cash equivalents	27,149	26	27,175
Trade and other receivables	276,460	1,051	277,511
Inventory	39,396	-	39,396
Property plant and equipment	19,269	-	19,269
Other intangibles	-	657,761	657,761
Loan receivable	29,158	-	29,158
Trade and other payables	(675,712)	(7,749)	(683,461)
Loan payable	(294,330)	(1,194,663)	(1,448,993)
Net identifiable liabilities acquired	**(578,610)**	**(543,574)**	**(1,122,184)**
Consideration paid	1,840,000	2,160,000	4,000,000
Fair value attributable to goodwill acquired	**2,418,610**	**2,703,574**	**5,122,184**

Goodwill arose in the acquisition because the cost of the combination includes a control premium. None of the goodwill arising on acquisition is expected to be deductible for tax purposes.

The initial accounting for the acquisition of the Connected Group has only been provisionally determined at the end of the reporting period. At the date of this financial report, valuations and other calculations had not been finalised and therefore the fair value of goodwill has only been provisionally determined based on Directors' estimates of the likely fair value of the assets and liabilities.

3 INVESTMENTS

The consolidated financial statements include financial statements of G8 Communications Limited and the following subsidiaries:

	Country of	*% Equity Interest*	
Name	*Incorporation*	*2016*	*2015*
Connected IO, Inc	Delaware, USA	100%	0%
ICU Wireless Systems Limtied	Mauritius	100%	0%
G8 International Connect, Inc	Delaware, USA	100%	0%
Denny Dalton (Pty) Ltd	Republic of South Africa	100%	100%
Energy Corporation of America LLC	USA	100%	100%

G8 Communications Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Balances between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

4 GOODWILL

	Consolidated 2016 $	Consolidated 2015 $
Goodwill:		
Balance as at 1 July	-	-
Acquired as part of the business combination (Note 2)	5,122,184	-
Balance as at 30 June	**5,122,184**	**-**

5 OTHER INTANGIBLES

	Consolidated 2016 $	Consolidated 2015 $
Product Development:		
Balance as at 1 July	-	-
Acquired as part of the business combination	657,761	-
Foreign exchange movement	(51,556)	-
Balance as at 30 June	**606,205**	**-**

6 DEBTS FORGIVEN

Prior to the acquisition of the Connected Group and pursuant to signed deeds of agreement, an amount of $567,774 was forgiven by several creditors.

7 REVENUE

	Consolidated 2016 $	Consolidated 2015 $
Operating activities		
Sales revenue	217,150	-
Interest revenue	19,694	3
	236,844	**3**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8 INCOME TAX

		Consolidated 2016 $	Consolidated 2015 $
(a) Income tax recognised in profit or loss			
Tax expense/(income) comprises:			
Current tax expense/(benefit)		-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences		-	-
Total tax expense/(benefit)		-	-
(b) The prima face income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:			
Loss from operations		(2,075,525)	(3,076,916)
Income tax benefit calculated at 30%		(622,658)	(923,075)
Add/(Less):		-	-
- Non deductible items		76,733	-
- Effect of unrecognised temporary difference		(57,804)	-
- Deferred tax asset not brought to account		603,729	923,075
Income Tax Expense		-	-
(c) Deferred tax assets			
The balance comprises temporary differences attributable to:			
Accruals and provisions		9,421	-
Capital raising costs		114,780	-
Tax losses	(d)	8,183,818	6,520,391
Capital losses		2,276,811	1,847,304
Total deferred tax assets		10,584,830	8,367,695
Set-off deferred tax liabilities pursuant to set-off provisions		-	-
Less deferred tax assets not recognised		(10,584,830)	(8,367,695)
Net deferred tax assets		-	-
Balance of Franking account at year end – Class C		92,050	214,784
(d) Unrecognised deferred tax balances			
Unused tax loses for which no deferred tax asset has been recognised		27,279,394	21,734,637
Potential tax benefit at 30%		8,183,818	6,520,391

The benefit for tax losses will only be obtained if:

a) The company and consolidated entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
b) The company and the consolidated entity continue to comply with the conditions for deductibility imposed by law; and
c) No changes in tax legislation adversely affect the ability of the company and consolidated entity to realise these benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9 CASH AND CASH EQUIVALENTS

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	1,295,818	6,348
Balance at 30 June	**1,295,818**	**6,348**

10 TRADE AND OTHER RECEIVABLES

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade and Other Receivables	491,414	5,524
Balance at 30 June	**491,414**	**5,524**
Non-Current		
Trade and Other Receivables	-	2,500
Balance at 30 June	**-**	**2,500**

(i) the average credit period on sales of goods and rendering of services is 14 days.

(ii) No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Aging of past due but not impaired
In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the balance date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for impairment.

11 LOAN RECEIVABLE

$141,445 of loan receivable was acquired upon acquisition of CIO on 18 January 2016. This amount is repayable by Radinet Communication Inc with no interest charged.

12 INVENTORY

	Consolidated 2016 $	Consolidated 2015 $
Finished goods	473,882	-
Balance as at 30 June	**473,882**	**-**

13 AVAILABLE-FOR-SALE FINANCIAL ASSET

	Consolidated 2016 $	Consolidated 2015 $
Balance as at 1 July	5,262	20,748
Disposals	(5,262)	-
Impairment	-	(12,237)
Written off	-	(3,249)
Balance as at 30 June	**-**	**5,262**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 PLANT AND EQUIPMENT

	Consolidated 2016 $	Consolidated 2015 $
Balance as at 1 July	36,848	40,277
Acquired as part of the business combination	7,290	-
Disposals	-	(2,603)
Depreciation	(737)	(826)
Foreign exchange movement	(572)	-
Balance as at 30 June	**42,829**	**36,848**

15 TRADE AND OTHER PAYABLES

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade payables and accruals	1,282,843	1,103,293
Balance at 30 June	**1,282,843**	**1,103,293**

The net carrying value of trade payables and accruals are considered a reasonable approximation of fair value.

16 BORROWINGS

	Consolidated 2016 $	Consolidated 2015 $
Current		
Loans – unsecured	-	600,000
Loan – unsecured	-	50,000
Loan – unsecured	-	10,000
Balance at 30 June	**-**	**660,000**

During the year all borrowings were repaid or settled through the issue of shares.

17 ISSUED CAPITAL

	Consolidated 2016 $	Consolidated 2015 $
Issued and paid up capital		
Ordinary shares fully paid (a)	60,893,961	46,802,238
Ordinary shares of 10 cents paid to 8 cents (b)	-	3,200,000
Ordinary shares to be issued (c)	-	17,703
	60,893,961	**50,019,941**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 ISSUED CAPITAL (CON'T)

Movements in issued and paid up capital

	Number	Consolidated $
(a) Ordinary shares fully paid		
Balance as at 1 July 2014	2,073,350,092	46,502,238
Placement to repay loans	300,000,000	300,000
Balance as at 30 June 2015	**2,373,350,092**	**46,802,238**
Balance as at 1 July 2015	2,373,350,092	46,802,238
Shares issued pursuant to a Placement - 2 July 2015[1]	17,703,000	17,703
Partly paid shares paid up - 13 November 2015[2]	4,000,000	3,200,100
Capital consolidation 1:60[3]	(2,355,137,040)	-
Conversion of convertible notes - 18 January 2016[4]	100,000,000	1,000,000
Public shares issued pursuant to a Prospectus raising - 18 January 2016[5]	225,000,000	4,500,000
Vendor shares issued pursuant to a Prospectus - 18 January 2016[5]	200,000,000	4,000,000
Facilitation shares issued pursuant to a Prospectus - 18 January 2016[5]	20,000,000	400,000
Shares issued under the KVG loan with ICU – 18 January 2016[6]	90,000,000	1,194,663
Shares issued under the Bonarc offer - 18 January 2016[7]	15,000,000	300,000
Costs directly attributable to issue of share capital	-	(520,743)
Balance as at 30 June 2016	**689,916,052**	**60,893,961**

	Number	Consolidated $
(b) Ordinary shares party paid		
Balance as at 1 July 2014	4,000,000	3,200,000
Movement	-	-
Balance as at 30 June 2015	**4,000,000**	**3,200,000**
Balance as at 1 July 2015	4,000,000	3,200,000
Shares which became fully paid during the year[2]	(4,000,000)	(3,200,000)
Balance as at 30 June 2016	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 ISSUED CAPITAL (CONT'D)

	Number	Consolidated $
(c) Unissued shares		
Balance as at 1 July 2014	-	-
Shares to be issued in satisfaction of placement funds/tenement acquisition	17,703,000	17,703
Balance as at 30 June 2015	**17,703,000**	**17,703**
Balance as at 1 July 2015	17,703,000	17,703
Shares which became fully paid during the year[1]	(17,703,000)	(17,703)
Balance as at 30 June 2016	**-**	**-**

[1] On 2 July 2015, the Company issued 17,703,000 fully paid ordinary shares as approved by Shareholders at the Annual General Meeting held on 28 November 2014.

[2] On 13 November 2015, the Company held an auction whereby the partly paid shares had become fully paid shares upon sale of 4,000,000 ordinary shares for $100 as approved by Shareholders at the Annual General Meeting held on 28 November 2014.

[3] On 30 December 2015, the Company's capital was consolidated on a 1:60 basis as approved by Shareholders at the General Meeting held on 21 December 2015.

[4] On 18 January 2016, 50,000,000 fully paid ordinary shares were issued to Connected Noteholders and 50,000,000 fully paid ordinary shares were issued to Leopard Noteholders as approved by Shareholders at the General Meeting held on 21 December 2015.

[5] On 18 January 2016, 225,000,000 fully paid ordinary shares were issued under a Prospectus Public Raising, 200,000,000 fully paid ordinary shares were issued to Vendors for the acquisition of Connected Group and 20,000,000 fully paid ordinary shares were issued to facilitators of the transaction, pursuant to the Prospectus dated 27 November 2015 and as approved by Shareholders at the General Meeting held on 21 December 2015.

[6] On 18 January 2016, 90,000,000 Shares in full satisfaction and extinguishment of the KGV Loan as approved by Shareholders at the General Meeting held on 21 December 2015.

[7] On 18 January 2016, 15,000,000 Shares in partial satisfaction of the Bonarc Loan as approved by Shareholders at the General Meeting held on 21 December 2015.

Options

	2016	2015
Unlisted Options 0.5 cents	**Number**	**Number**
Balance as at 1 July	696,666,667	696,666,667
Expired during the year	(696,666,667)	-
Balance at 30 June	**-**	**696,666,667**

18 RESERVES

Nature and purpose of reserves

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operation.

Available-for-sale financial assets revaluation reserve

This reserve reflects the fair value changes in available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19 EARNINGS PER SHARE

	Consolidated 2016 cents	Consolidated 2015 cents
Basic loss per share	(0.01)	(0.08)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	Consolidated 2016 $	Consolidated 2015 $
Net loss for year used in total basic EPS	(2,075,525)	(3,076,916)
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic EPS	382,107,832	39,555,835

20 NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	1,295,818	6,348
Balance at 30 June	**1,295,818**	**6,348**

(b) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax	(2,075,525)	(3,076,916)
Non-Cash Items:		
Depreciation expense	737	826
Net impairment on available-for-sale assets	-	(55,092)
Property, plant and equipment scrapped	-	2,603
Exploration & evaluation expenditure written off	-	2,278,358
Borrowing costs	-	200,849
Loss on disposal of investments	18	-
Changes in Assets and Liabilities		
(Increase) in trade and other receivables	(192,328)	(5,524)
(Increase) in inventory	(473,882)	-
(Decrease)/increase in trade and other payables	(297,293)	401,506
(Increase) loan receivable	(141,445)	-
Balance at 30 June	**(3,180,718)**	**(253,390)**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20 NOTES TO THE CASH FLOW STATEMENT (CONT'D)

Non-cash financing activities

The company engaged in the following non-cash financing activities for the year ended 30 June 2016 by the issue of shares:

- On 18 January 2016, 50,000,000 fully paid ordinary shares were issued to Connected Noteholders and 50,000,000 fully paid ordinary shares were issued to Leopard Noteholders as approved by Shareholders at the General Meeting held on 21 December 2015.
- On 18 January 2016, 200,000,000 fully paid ordinary shares were issued to Vendors for the acquisition of Connected Group and 20,000,000 fully paid ordinary shares were issued to facilitators of the transaction, pursuant to the Prospectus dated 27 November 2015 and as approved by Shareholders at the General Meeting held on 21 December 2015.
- On 18 January 2016, 90,000,000 Shares in full satisfaction and extinguishment of the KGV Loan as approved by Shareholders at the General Meeting held on 21 December 2015.
- On 18 January 2016, 15,000,000 Shares in partial satisfaction of the Bonarc Loan as approved by Shareholders at the General Meeting held on 21 December 2015.

21 RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

i. Key management personnel compensation

The aggregate compensation made to key management personnel of the company and the Company is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Short term employee benefits	329,396	405,339
Post-employment benefits	-	-
Share-based payments	3,325	7,872
	332,721	**413,211**

ii. Transactions with key management personnel and related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Reimbursements

During the year, $40,159 (ex GST) was paid to Mr Ferris in relation to reimbursements (2015: $nil). Mr Thomas was paid $1,063 (ex GST) in relation to reimbursements (2015: $nil).

Capital Raising Costs

Capital Raising fees were paid to Woodchester Finance Pty Ltd during the year. Mr Ferris is a director and shareholder of Woodchester Finance Pty Ltd. The amount incurred for the year ended 30 June 2016 was $8,456 (ex GST) (2015: $nil).

Rental Costs

Craig Willis is a Director and Shareholder of Giarc Investments Pty Ltd ("Giarc"). Giarc provided rental services during the year. The Company incurred rent expense of $59,000 (ex GST) (2015: $76,082 (ex GST))

Consulting and Admin Costs

Giarc also provided consulting and administration services during the year. The amount incurred for the year ended 30 June 2016 was $36,872 (ex GST) (2015: $359,992 (ex GST))

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22 AUDITORS' REMUNERATION

	Consolidated 2016 $	Consolidated 2015 $
Remuneration of the auditor of the Company (HLB Mann Judd) for:		
- auditing or reviewing the financial report	(40,150)	(35,250)
	(40,150)	(35,250)

23 FINANCIAL INSTRUMENTS

(a) Financial risk management policies

The Group's principal financial instruments comprise cash and short-term deposits and trade and other payables as disclosed in the financial statements. The main purpose of these financial instruments is to manage the working capital needs of the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken. The board reviews and agrees policies for managing this risk is summarised below.

(i) Credit risk management

The Company is not currently exposed to credit risk other than in the normal course of business.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	1 year or less $	1 to 5 years $	Total $
Consolidated			
30 June 2016			
Financial assets			
Cash and cash equivalents	1,295,818	-	**1,295,818**
Trade receivables and other receivables	491,414	-	**491,414**
Loan receivable	141,445	-	**141,445**
Total financial assets	**1,928,677**	**-**	**1,928,677**
Financial liabilities			
Trade and other payables	(1, 282,843)	-	**(1, 282,843)**
Borrowings	-	-	-
Total financial liabilities	**(1, 282,843)**	**-**	**(1, 282,843)**
Consolidated			
30 June 2015			
Financial assets			
Cash and cash equivalents	6,348	-	**6,348**
Trade receivables and other receivables	5,524	-	5,524
Available-for-sale assets	5,262	-	**5,262**
Total financial assets	**17,134**	**-**	**17,134**
Financial liabilities			
Trade and other payables	(1,103,293)	-	**(1,103,293)**
Borrowings	(660,000)	-	**(660,000)**
Total financial liabilities	**(1,763,293)**	-	**(1,763,293)**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL INSTRUMENTS

(a) Financial risk management policies (Continued)

(iii) Interest rate risk

The financial instruments which primarily expose the Company to interest rate risk are cash and cash equivalents. The Company's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities using sensitivity analysis is not material.

(iv) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from exposures to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk measure using sensitivity analysis is not material.

(v) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analyses.

The directors consider that the carrying amounts of financial assets and financial liabilities which are all recorded at amortised cost less accumulated impairment charges in these financial statements, approximate their fair values.

24 OPERATING SEGMENTS

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being the development and manufacture of wireless technologies.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

25 CONTINGENT LIABILITIES

The Directors of the Group are not aware of any contingent liabilities which require disclosure in the financial year ended 30 June 2016.

26 COMMITMENTS

Office Accommodation Services

From 1 July 2016, the Company had entered into a service agreement with Trident Capital Pty Ltd of a period of 1 year.

	Consolidated 2016 $	Consolidated 2015 $
Commitments no longer than 1 year		
Annual office accommodation services	13,000	-
Balance as at 30 June	**13,000**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27 SUBSEQUENT EVENTS

On 2 August 2016 the Company advised that its wholly owned subsidiary CIO had completed formal certification with AT&T which will allow for deployment of its wireless modem and router products in August 2016. Initial discussions with AT&T indicate significant product orders can be anticipated, potentially in the hundreds of thousands. AT&T deliver advanced mobile services, next generation TV, high-speed internet and smart solutions for people and businesses. AT&T provide solutions to 3.5 million businesses on 6 continents including almost all of the Fortune 1000 companies. This relationship provides G8C with a significant platform on which to expand sales in the United States.

On 11 August 2016, the Company announced that it had received firm commitments from sophisticated investors to raise $3 million. The placement was significantly oversubscribed with strong support from new and existing sophisticated investors. Under the placement, G8C issued 100 million new ordinary shares at $0.03 per share on 30 August 2016. The proceeds from the placement will be used to expedite growth to accommodate new strategic relationships and distribution channels.

On 23 August 2016, the Company announced that it had executed an agreement to provide its Lt1000 modem to the State of Nebraska to be integrated into snow plows to provide 4g streaming video. The agreement is for the provision of up to 650 units over 3 years and the first batch of 215 units.

On 29 August 2016, the Company announced and released a cleansing prospectus relating to the successful placement (of the same date) of 100,000,000 shares at an issue price of $0.03 to raise a total of $3,000,000.

On 1 September 2016, the Company announced the official launch of its cloud based management software product EMU Router through receipt of first shipment from its manufacturing headquarters in China. The EMU router product introduces a recurring revenue model to G8C via remote management of information collected and stored on behalf of its customers. G8C also shipped first orders to US Based law enforcement company Shotspotter.

On 20 September 2016, the Company provided a market update announcing building revenues via developing opportunities. The announcement confirmed cash receivables reaching USD$200,000 for the quarter as well as USD$500,000 inventory ready to be shipped on order. It also highlighted successful presentations at CTIA to North American telco's and distributors as well as discussions with AT&T enterprise customers where first orders are anticipated. Also included were growth in Verizon sales, Coca Cola expansion via EMU Router product, extension of EPRI trials via new orders, expansion of Nashville Police Force trials via larger order expected this year, orders expected through Verizon enterprise customers, appointment of Hills BDM ahead of first purchase orders and the continuing relationship with Red Cross USA for safety and relief purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28 PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, G8 Communications Limited (former Leopard Resources NL), as at 30 June 2015 and 30 June 2016.

	2016	2015
	$	$
Current assets	1,425,121	11,871
Non-current assets	5,860,611	44,611
Total assets	**7,285,732**	**56,482**
Current liabilities	414,154	1,763,293
Non-current liabilities	-	-
Total liabilities	**414,154**	**1,763,293**
Contributed equity	60,893,961	50,019,941
Reserves	968,849	968,849
Accumulated losses	(54,991,232)	(52,695,601)
Total equity	**6,871,578**	**(1,706,811)**
Loss for the year	(2,295,631)	(3,076,916)
Other comprehensive loss for the year	-	(70,578)
Total comprehensive loss for the year	**(2,295,630)**	**(3,147,494)**

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. in the Directors' opinion, the financial statements and accompanying notes set out on pages 13 to 45 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date;

2. note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

4. the remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the *Corporations Act 2001*; and

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Jason Ferris
Director

Perth
October 2 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

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INDEPENDENT AUDITOR'S REPORT

To the members of G8 Communications Limited

Report on the Financial Report

We have audited the accompanying financial report of G8 Communications Limited("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view 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 company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
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HLB Mann Judd

Basis for Disclaimer of Opinion

As noted in Note 2 to the financial report, during the year the company acquired all of the issued capital of Connected IO, Inc. and ICU Wireless Systems Limited. As of the date of our audit we have been unable to obtain sufficient appropriate audit evidence in relation to the assets and liabilities of these subsidiaries. As a result, we have also been unable to obtain sufficient appropriate audit evidence in relation to the acquired goodwill from this business combination amounting to $5,122,184. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded assets and liabilities of Connected IO, Inc. and ICU Wireless Systems Limited and the elements comprising the consolidated statement of financial position at 30 June 2016 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of G8 Communications Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
2 October 2016

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for establishing the Company's corporate governance framework, they key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations (**Principles and Recommendations**).

The corporate governance statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.g8communciations.com.au, under the section marked "Corporate Governance":
- (a) Board Charter;
- (b) Board Performance Evaluation Policy;
- (c) Code of Conduct;
- (d) Audit Committee Charter;
- (e) Remuneration and Nomination Committee Charter;
- (f) Security Trading Policy;
- (g) Continuous Disclosure Policy;
- (h) Shareholder Communication and Investor Relations Policy;
- (i) Risk Committee Charter;
- (j) Risk Management Policy; and
- (k) Diversity Policy.

Principle 1: Lay solid foundations for management and oversight
Recommendation 1.1
The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

Principle 1: Lay solid foundations for management and oversight (cont'd)
Recommendation 1.1(cont'd)
The responsibilities of the Board include but are not limited to:
- (a) setting and reviewing strategic direction and planning;
- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.
The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer and the management team. The management team, led by the Chief Executive Officer is accountable to the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Recommendation 1.2
The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.
The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3
The Company has a written agreement with each of the Directors and the Incoming Directors and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4
The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:
(a) ensuring a good flow of information between the Board, its committees, and Directors;
(b) monitoring policies and procedures of the Board;
(c) advising the Board through the Chairman of corporate governance policies; and
(d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5
The Company has a Diversity Policy, the purpose of which is:
(a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
(b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

Recommendation 1.6
The Chief Executive Officer will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.
The Chair will be responsible for evaluating the performance of the Company's Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Company will report on whether an evaluation of its Chief Executive Officer and senior executives has taken place in the relevant reporting period in each of its corporate governance statements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.
This policy is to ensure:

(a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
(b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
(c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually.

The Company will report on whether an evaluation of the Board, its committees and individual directors has taken place in the relevant reporting period, and whether the process was in accordance with the process disclosed, in each of its corporate governance statements.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.
The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.
When the Board meets as a remuneration and nomination committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required.
The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

(a) a broad range of business experience; and
(b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

(a) Jason Ferris (Executive Chairman);
(b) Yakov Temov (Managing Director);
(c) Blaise Thomas (Non-Executive Director); and
(d) Eric de Mori (Non-Executive Director).

Jason Ferris has been a director of the Company since 28 April 2015. He is a non-independent director due to his executive role within the Company as Executive Chairman. Yakov Temov was appointed to the Board on 18 January 2016 and is also a non-independent director due to his executive role within the Company. Blaise Thomas has been a director of the Company since 29 April 2015 and is an independent non-executive director. Mr Eric de Mori was appointed on 18 January 2016 and is an independent non-executive director.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 2: Structure the board to add value (cont'd)
Recommendation 2.4
Currently, the Board considers that membership weighted towards technical expertise is appropriate at this stage of the Company's operations. Accordingly, the Board does not have a majority of independent directors.

Recommendation 2.5
Mr Ferris is not an independent Chairman, however is considered to be the most appropriate person to Chair the Board because of his public company experience.

Recommendation 2.6
It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations.
In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly
Recommendation 3.1
The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (**Code**), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.
The Code applies to all Directors, employees, contractors and officers of the Company.
The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting
Recommendation 4.1
Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board.
The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee is carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.
The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 4: Safeguard integrity in corporate reporting (cont'd)

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and does not arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

(a) ensuring that shareholders and the market are provided with full and timely information about its activities;

(b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and

(c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.
The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.g8communications.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

(a) relevant announcements made to the market via ASX;

(b) media releases;

(c) investment updates;

(d) Company presentations and media briefings;

(e) copies of press releases and announcements for the preceding three years; and

(f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

(a) reports to Shareholders;

(b) ASX announcements;

(c) annual general meetings; and

(d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 7: Recognise and manage risk
Recommendation 7.1
Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.
When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

(a) operational risk;

(b) financial reporting;

(c) compliance / regulations; and

(d) system / IT process risk.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2
The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.
Arrangements put in place by the Board to monitor risk management include, but are not limited to:

(a) monthly reporting to the Board in respect of operations and the financial position of the Company; and

(b) quarterly rolling forecasts prepared;

Recommendation 7.3
The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4
Given the speculative nature of the Company's business, it will be subject to general risks and certain specific risks.

The Company will identify those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclose how it intends to manage those risks.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Employee Incentive Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

(a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;

(b) trading in the Company's securities which is not subject to the Company's trading policy; and

(c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.

ASX ADDITIONAL INFORMATION

Pursuant to the Listing Rules of the Australian Securities Exchange, the shareholder information set out below was applicable as at 26 September 2016.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shares	%
1 to 1,000	423,562	0.05
1,001 to 5,000	612,532	0.08
5,001 to 10,000	558,117	0.07
10,001 to 100,000	14,292,768	1.81
100,001 and Over	774,029,073	97.99
	789,916,052	**100.00**

There were 3,404 shareholders holding less than a marketable parcel of ordinary shares.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

		Issued Ordinary Shares	
	Shareholder Name	**Number**	**%**
1	Cocoon Capital Investments Limited	124,500,000	15.76
2	King George V Nominees Ltd	90,000,000	11.39
3	Yakov Temov	46,000,000	5.82
4	White Light Communications Ltd	46,000,000	5.82

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

		Issued Ordinary Shares	
	Shareholder Name	**Number**	**%**
1	Cocoon Capital Investments Limited	124,500,000	15.76
2	King George V Nominees Ltd	90,000,000	11.39
3	Yakov Temov	46,000,000	5.82
4	White Light Communications Ltd	46,000,000	5.82
5	Trident Capital Pty Ltd	15,000,000	1.90
6	Tyche Investments Pty Ltd	11,016,000	1.39
7	Ninety Three Pty Ltd	10,800,000	1.37
8	IML Holdings Pty Ltd	10,466,666	1.33
9	924 Pty Ltd	9,083,333	1.15
10	HSBC Custody Nominees (Australia) Limited - A/C 3	7,430,000	0.94
11	Aegean Capital Pty Ltd <The Spartacus A/C>	6,333,334	0.80
12	Willis Holdings Limited	5,305,753	0.67
13	Prosperion Wealth Management Pty Ltd <Investment A/C>	5,250,000	0.66
14	Mr Paul Gregory Brown + Mrs Jessica Oriwia Brown <Brown Super Fund A/C>	5,166,856	0.65
15	Wimalex Pty Ltd <Trio S/F A/C>	5,000,000	0.63
16	Jameson Nominees Pty Ltd <The Jamie Mann Fam A/C>	4,323,013	0.55
17	Mr Brendan David Gore <The Gore Family A/C>	4,166,667	0.53
18	Mr Simon Jenkins + Mrs Zoe Margaret Mary Jenkins <Jenkins Retirement Fund A/C>	4,000,000	0.51
19	Praha Nominees Pty Ltd <Jag Unit A/C>	3,833,333	0.49
20	Pershing Australia Nominees Pt Y Ltd <Accum A/C>	3,731,809	0.47
		417,406,764	**52.84**

D. Listed Options
As at the date of this report there were nil listed options on issue in the Company.

E. Voting Rights
In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

F. Unquoted Securities

Class A Performance Shares	
Number of Class A Performance Shares	100,000,000
Number of Holders	3
Holders with more than 20%	Yakov Temov – 34.55% White Light Communications Ltd – 19.55% Cocoon Capital Investments Ltd – 45.9%

Class B Performance Shares	
Number of Class B Performance Shares	50,000,000
Number of Holders	3
Holders with more than 20%	Yakov Temov – 34.55% White Light Communications Ltd – 19.55% Cocoon Capital Investments Ltd – 45.9%

G. **On Market Buy-Back**
There is no current on market buy-back for any of the Company's securities.

H. Restricted Securities

Shares	**No. Shares**
Shares – Escrowed 12 month to 18 January 2017	39,750,000
Shares – Escrowed 24 months to 15 March 2018	265,246,700
Total	**304,996,700**

Performance Shares	**No. Shares**
Class A Performance Shares – Escrowed 24 months to 15 March 2018	100,000,000
Class B Performance Shares – Escrowed 24 months to 15 March 2018	50,000,000
Total	**150,000,000**

I. Details Performance Shares

Each of the 100,000,000 Class A Performance Shares and 50,000,000 Class B Performance Shares will convert to one (1) fully paid ordinary share upon satisfaction of the relevant Milestone. Accordingly, the Class A Performance Milestone will be achieved if the Company and its subsidiaries achieve aggregated gross revenue of $15,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules. The Class B Performance Milestone will be achieved if the Company and its subsidiaries achieve aggregated gross revenue of $25,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following recompliance with Chapters 1 and 2 of the Listing Rules. No Performance Shares were converted or cancelled during the period. No performance milestones were met during the period.

J. ASX Listing Rule 4.10.19 Confirmation

The Directors of G8 Communications Limited confirm in accordance with ASX Listing Rule 4.10.19 that during the period from reinstatement to 30 June 2016, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.