



ACN 108 042 593

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2015

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CORPORATE INFORMATION

ZIPTTEL LIMITED

ABN 41 108 042 593

DIRECTORS

Mr Joshua Hunt (Independent Non-Executive Chairman)
Mr Umberto (Bert) Mondello (Chief Executive Officer and Executive Director)
Mr Keaton Wallace (Executive Director)
Mr Salvatore Vallelonga (Independent Non-Executive Director)

COMPANY SECRETARY

Mr Salvatore Vallelonga

PRINCIPAL PLACE OF BUSINESS

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Subiaco, Western Australia 6008
T + 61 (0) 8 6252 4224

REGISTERED OFFICE

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SOLICITORS

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15 Colin Street
West Perth, Western Australia 6005
T +61 (0) 8 9321 0200

SHARE REGISTER

Security Transfer Registrars
770 Canning Highway,
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T +61 (0) 8 9315 2333

AUDITOR

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38 Station Street
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CHAIRMAN'S REPORT

DEAR SHAREHOLDERS,

It has been an exciting year for the Company, having successfully listed on the Australian Securities Exchange and having completed the development of Zipt ahead of the global launch of the Android application on 22 June 2015.

Our public listing and the launch of Zipt has made this year a transformational year for ZipTel. Our public listing has provided the Company with the necessary funding and support to complete the development and launch the Zipt app. With the app now live on Android we look to establish ourselves as a leading provider of VOIP services and offer users a superior quality service, which utilises less data and saves users money.

The launch has been a resounding success since launch with over 2 million users having downloaded the application in less than 3 months.

FY 2015 HIGHLIGHTS

- Successful listing on the ASX via a reverse takeover of Skywards Limited and successfully raised \$5 million in an oversubscribed equity raise
- Launch of new revolutionary app Zipt on 22 June 2015 with over 2 million users acquired in less than 3 months – on track to achieve 10 million users within 18 months
- Oversubscribed institutional placement in November raised a further \$5 million to accelerate the roll out of Zipt and aggressively increase marketing efforts
- Distribution agreements secured with leading mobile marketing companies Mpire Media and AirLoyal to accelerate and drive user acquisition in key target regions
- Brett Lee, internationally renowned crickets and prominent sports icon joins ZipTel as a Global Brand Ambassador for Zipt
- Company well funded with \$6.28 million cash at bank to drive user acquisition of Zipt and accelerate revenue growth in 2016

DEBUT LISTING ON THE ASX

On 4 July 2014 the Company successfully listed on the Australian Securities Exchange via a reverse takeover of Skywards Limited raising its maximum subscription of \$5 million. Following the listing we continued to drive sales at AussieSim and also refocused our efforts on the development of the infrastructure of the Zipt app.

In November we successfully raised a further \$5 million in an institutional placement to accelerate the roll out of Zipt and aggressively increase marketing efforts ahead of the launch.

CHAIRMAN'S REPORT

SUCCESSFUL LAUNCH OF THE ZIPT APP

Our focus on the app throughout the year culminated in the successful launch on 22 June 2015. The app has shown stellar performance since launching with over 2 million downloads achieved in less than 3 months.

Revenue generation has also been ahead of expectations with \$98,391 of revenues achieved from the Zipt app as at FY2015 from user tops ups within the app.

FINANCIAL RESULTS

Total revenues for the year were down by 10% from \$555,714 to \$498,981 due to the Company's refocus and investment on the development and delivery of Zipt, which successfully launched on the Android platform on 22 June 2015.

The Company recorded a loss after tax of \$5,687,639 due to increased investment in both the development and marketing and sales activities of Zipt to drive user acquisition upon launch.

The results this financial year are a reflection of the shift in our business to focus on the global VOIP market with the launch of Zipt.

AussieSim has continued to generate revenues of \$400,590 for the year and the newly launched app's performance has been incredibly encouraging since its pilot launch in May with \$98,391 worth of unexpected revenues generated by the end of the 30 June 2015, accounting for 15% of total revenues.

OPERATIONAL PERFORMANCE

Throughout the year we continued to develop and optimise the Zipt app's capabilities to drive lower data usage. Zipt demonstrated improved data usage of 55% less data over longer voice calls and functionality in bandwidths as low as 2.5 kpbs.

On 22 June 2015 the Zipt app launched globally on the Android platform and commenced marketing activities in initial target regions of South East Asia, the Indian Subcontinent, Latin America, Middle East and Africa. The Company has signed distribution agreements with two leading mobile marketing companies Mpire Media and AirLoyal to drive user acquisition in key target regions.

We also signed internationally renowned cricketer, commentator and sports personality Mr Brett Lee as an Ambassador for the Zipt app, to drive our foray into these markets. Mr Lee has over 4.2 million followers across his social media platforms and has also taken an equity position in the Company aligning both his and our objectives and incentivising customer acquisition.

CHAIRMAN'S REPORT

Whilst our attentions have been turned to Zipt this year we have continued our progress increasing the distribution channels of AussieSim through agreements with Trafalgar Tours and 7-Eleven. We also added a new product to our portfolio; Global Data Sim Card, offering mobile data only services at significantly lower rates for overseas data usage.

OUTLOOK

After a year of significant achievement for the Company and our Zipt product, our focus going forward will be to pursue growth following the launch of the iOS version of the Zipt app on 25 September 2015 which coincided with the latest Apple iPhone 6S launch. We expect this launch to accelerate user acquisition into 2016. We have in place a targeted marketing campaign, which we intend to roll out in Australia, the U.K, U.S and China to continue to drive user growth.

I am confident that revenues from Zipt will continue and grow as users frequently opt for top ups within the app and increased usage following the launch of the in app video calling feature on 15 August 2015. The recently launched video calling feature has demonstrated exceptional results compared to existing VOIP services with an average of 34% less data used than the same call placed via Viber and 25% less than Skype.

We will soon be launching a number of in app purchases around the Brett Lee campaign, which we anticipate being of particular interest to users across Australia and the Subcontinent.

With over two million users achieved in a period of less than three months since launch and limited marketing and promotional activities Zipt is on track to achieve its projected 10 million users within 18 months of launch.

On behalf of my fellow board members and myself I want to thank shareholders for their support and I look forward to providing further updates on the progress of our revolutionary Zipt app this year.

Yours Sincerely



Joshua Hunt
Chairman

29 September 2015

CORPORATE GOVERNANCE STATEMENT

1. OUR APPROACH TO CORPORATE GOVERNANCE

(A) FRAMEWORK AND APPROACH TO CORPORATE GOVERNANCE AND RESPONSIBILITY

The Board of ZipTel Limited (“the Company”) is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company’s everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board is guided by the principles and practices that are in our stakeholders’ best interests while ensuring full compliance with legal requirements.

(B) COMPLIANCE WITH THE ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company’s website (www.ziptel.com.au) and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant disclosures can be found.

The Company’s corporate governance policies and charters are available at the Company’s website www.ziptel.com.au.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company’s decision.

This Governance Statement describes ZipTel Limited’s governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

2. DATE OF THIS STATEMENT

This statement reflects our corporate governance policies and procedures as at 29 September 2015.

DIRECTORS' REPORT

The Directors of ZipTel Limited (the "Company") submit herewith the annual report of the Company and its controlled entity (the "Group") for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

DIRECTORS AND SENIOR MANAGEMENT

The Company Directors held office during the whole of the financial year and since the end of the financial year. The names and particulars of Directors and senior management of the Company at the end of the 2015 financial year are:

JOSHUA HUNT

Non-Executive Chairman

Mr Joshua Hunt is a lawyer and Principal of project law firm Hunt & Humphry, with experience in providing advice to listed public and private companies and in all aspects of project acquisitions and disposals. Mr Hunt has practised corporate and commercial law for over 12 years and has been intimately involved in the formation, acquisition and development of numerous successful companies over this time.

Mr Hunt's experience extends internationally, where he has acted for a number of companies with operations in Africa, South East Asia, Mongolia, the United States, Canada, the United Kingdom and throughout South America.

UMBERTO (BERT) MONDELLO

Executive Director and Chief Executive Officer

Mr Bert Mondello first entered the telecommunications industry in 1997, and up until 2002, he managed key retail distribution channels for Optus and Vodafone. During this period, the telecommunications industry evolved significantly, shifting from the basic analogue network to digital and 3G. In 2002, Bert was invited to assist in building the business model and blueprint of Vodafone's outsourced pilot distribution model called Vodafone Alliance. As an equity partner and General Manager of Vodafone Alliance, his responsibility was to build and manage a national business to business sales team.

In 2004, his private company iCommunications Pty Ltd was appointed by 3 Mobile to manage part of their Australian business channel. Subsequently in 2009, Vodafone and 3 Mobile merged in Australia and iCommunications became one of the largest Vodafone business channels in the country. As the Managing Director of the company, Bert was responsible for signing up over 50,000 subscribers to the Vodafone and 3 Network over a ten year period. Today it is still one of Vodafone's most prominent and long-standing business partners.

KEATON WALLACE

Executive Director

Mr Keaton Wallace recently oversaw the tender and negotiation process with the four major telecommunication network providers in Indonesia and the three major telecommunications providers in Thailand. He has also successfully reached terms with IndosatPt Indonesia and DTAC Thailand for partnership with AussieSim.

Prior to co-founding AussieSim, Keaton was in property management and development. During this time, he oversaw major property development syndications and capital raisings within Australia and Indonesia, with award-winning results for Parkwater Estate and Brookfield Estate in Margaret River. Keaton has also managed a residential and commercial property portfolio for Jamac Properties, with assets in excess of \$200 million.

DIRECTORS' REPORT

SALVATORE VALLELONGA

Non-Executive Director

Company Secretary appointed 3 July 2015

Mr Salvatore Vallelonga is a Chartered Accountant and a director of Plexus Global Consultants Pty Ltd, a Chartered Accounting and business advisory business specialising in the provision of tailored tax and consultative solutions to its SME clients and emerging growth clients. Salvatore is also a director of Plexus Wealth Pty Ltd, which provides financial planning and wealth solutions to clients. Salvatore is a director of numerous private companies and non-profit organisations.

Salvatore has worked closely with his clients in business to business distribution and retail channels in the telecommunication industry, servicing clients working with national and global brands such as Telstra, Vodafone, 3Mobile, Optus, People telecom, M2 Communication and Commander.

DAVID CHAPPLE

Company Secretary appointed 1 April 2015 (resigned 3 July 2015)

Mr Chapple has over 10 years' experience in finance and company secretarial roles for companies. Mr Chapple is a member of the Australian Society of Certified Practising Accountants and a member of the Governance Institute of Australia.

LOREN JONES

Company Secretary (resigned 1 April 2015)

Miss Jones has worked in finance and back office administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 7 years. Miss Jones is a BIA Accredited Bookkeeper and a member of the Institute of Certified Bookkeepers.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director while they were a Director or committee member.

DIRECTORS	DIRECTORS' MEETINGS	
	NO OF MEETINGS ELIGIBLE TO ATTEND	ATTENDED
Joshua Hunt	8	8
Bert Mondello	8	8
Keaton Wallace	8	8
Salvatore Vallelonga	8	8

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report.

DIRECTORS	FULLY PAID ORDINARY SHARES	OPTIONS
Joshua Hunt	550,695	290,912
Bert Mondello	11,307,500	4,153,750
Keaton Wallace	10,287,500	3,621,250
Salvatore Vallelonga	570,000	225,000

DIRECTORS' REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of Directors and senior management is set out in the Remuneration Report of this Directors' Report on pages 11 to 18.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

The Company maintains an option plan for senior management and executives, including Executive Directors, as approved by shareholders at an Annual General Meeting. There are currently no unissued ordinary shares under option under the Company's option plan as at the date of this report.

REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES

The consolidated entity's principal activities at the commencement of the financial year are outlined in the Chairman's report and listed below in Events Subsequent to Balance Date.

OPERATING RESULTS

The loss after tax of the consolidated entity for the financial year attributable to the members of ZipTel Limited was \$5,687,639 (30 June 2014: loss \$2,444,621).

DIVIDENDS

No dividend has been declared by the Directors for this financial year.

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after balance date.

EVENTS SUBSEQUENT TO BALANCE DATE

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2015.

LIKELY DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years has been made in part in the Chairman's Report at the beginning of this Annual Report. Any further such disclosure and the expected results of those operations are likely to result in unreasonable prejudice to the consolidated entity and have accordingly not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The economic entity's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the economic entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

DIRECTORS' REPORT

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of a 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.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out below.

The Board of the Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2015 \$	2014 \$
TAXATION SERVICES:		
- Tax compliance services	30,502	15,300
Total remuneration for non-audit services	30,502	15,300

DIRECTORS' REPORT

REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of ZipTel Limited's Directors and its senior management for the financial year ended 30 June 2015. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Remuneration of Non-Executive Directors
- Retirement Benefits
- Remuneration of Directors and senior management
- Relationship between company performance and shareholder wealth
- Remuneration of key management personnel
- Key terms of employment contracts
- Other statutory information.

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as Directors of the company during or since the end of the financial year:

NON-EXECUTIVE CHAIRMAN	Joshua Hunt
CHIEF EXECUTIVE OFFICER	Bert Mondello
EXECUTIVE DIRECTOR	Keaton Wallace
NON-EXECUTIVE DIRECTOR	Salvatore Vallelonga

REMUNERATION POLICY

The Company's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Provide an equity incentive for senior executives that will provide an incentive to executives to align their interests with those of the Company and its shareholders; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees; and
- Benefits, including the provision of motor vehicles and superannuation.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and key management personnel remuneration is separate and distinct.

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company's Constitution provides that non-executive Directors may collectively be paid from an aggregate maximum fixed sum out of the funds of ZipTel Limited as remuneration for their services as Directors. The aggregate maximum fixed sum has been set at \$250,000 per annum.

DIRECTORS' REPORT

The Constitution and the Australian Securities Exchange Listing Rules specify that the aggregate remuneration amount can only be increased by the passing of an ordinary resolution of shareholders. Since the Company's establishment in March 2004, this fixed amount has not been increased.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director is entitled to receive a fee for being a director of the Company.

The remuneration of non-executive directors for the year ended 30 June 2015 is detailed in the remuneration of key management personnel in Table 1 of this report.

RETIREMENT BENEFITS

Consistent with the ASX Corporate Governance Rules which states that non-executive directors should not be provided with retirement benefits other than statutory superannuation, the Company does not provide retirement benefits to its Non-Executive Directors.

REMUNERATION OF SENIOR MANAGEMENT AND EXECUTIVE DIRECTORS

The Company aims to reward senior management and executive directors with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The objective of the remuneration policy is to:

- Reward senior management personnel and executive directors for Company and individual performance;
- Align the interests of the senior management personnel and executive directors with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

In determining the level and make-up of senior management and executive directors' remuneration, the Board reviews reports detailing market levels of remuneration for comparable roles. Remuneration currently consists of fixed and variable elements which are dependent on the satisfaction of such performance conditions as may be imposed by the Board.

Senior Management and Executive Directors are compensated through a variety of components which include:

- Short term employee benefits;
- Post-employment benefits;
- Other long term benefits;
- Termination benefits; and
- Share-based payments.

The relative weighting of fixed and variable components for target performance is set according to the scope of the individual's role. The 'at-risk' component is linked to those roles in which market value provides reasons to provide some individuals with higher levels of remuneration, while also recognising the importance for providing shareholders with value.

To ensure that fixed remuneration for the Company's most senior executives remains competitive, it is reviewed annually based on performance and market data.

DIRECTORS' REPORT

The Board may, from time to time, in its absolute discretion, make a written offer executives to apply for up to a specified number of Performance Rights. Cash bonuses granted to executives are based on the respective performance of their regional business unit. Bonuses are paid out at various times during the year and are determined by the Board.

RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND SHAREHOLDER WEALTH

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and key management personnel. Currently, this is facilitated through bonus schemes and the issue of options and performance rights to key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

As the Group is currently in the start-up phase, the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX and the market capitalisation of the Company rather than Group financial performance.

Directors and executives are issued Long Term Incentives ("LTIs") in the form of options and, in some cases, performance rights, to encourage the alignment of personal and shareholder interests.

Rights issued to Directors may be subject to market based price hurdles and vesting conditions and the exercise price of rights is set at a level that encourages the Directors to focus on share price appreciation. The Group believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee share and option arrangements.

Performance rights vest on the achievement of operational milestones, providing those directors holding performance shares an incentive to meet the operational milestones prior to the expiry date of the performance shares.

On the resignation of Directors any vested rights issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as rights. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

In considering the entity's performance and benefits for shareholders' wealth, the Chairman has regard to the following indices in respect of the current financial year and the previous five financial years to June 2015:

FINANCIAL YEAR ENDING 30 JUNE	2015	2014	2013	2012	2011
Revenue (\$'000)	651	570	2,983	14,872	16,941
NPAT (\$'000)	(5,688)	(2,445)	(2,225)	(4,064)	340
Share price at start of year	\$0.20	\$0.001	\$0.001	\$0.001	\$0.01
Share price at end of year	\$0.77	\$0.20	\$0.001	\$0.001	\$0.001
Dividend	-	-	-	-	-
Basic EPS (cents per share)	(8.21)	(8.81)	(0.07)	(0.13)	0.02

DIRECTORS' REPORT

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Table 1: Remuneration of the Non-Executive and Executive Directors of the Company for the year ended 30 June 2015.

2015 DIRECTORS	SHORT TERM BENEFITS		POST-EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED	
	SALARY & FEES (\$)	NON- MONETARY (\$)	SUPER- ANNUATION (\$)	TERMINAT- ION BENEFIT (\$)	RIGHTS (\$)	TOTAL (\$)	FIXED REM- UNERATION %	LTI %
EXECUTIVE DIRECTORS								
B.Mondello	215,000	0	20,425	0	1,254,540	1,489,965	16	84
K.Wallace	215,000	0	20,425	0	1,254,540	1,489,965	16	84
NON-EXECUTIVE DIRECTORS								
J.Hunt	30,000	0	0	0	0	30,000	100	0
S.Vallelonga	30,000	0	0	0	0	30,000	100	0
TOTAL	490,000	0	40,850	0	2,509,080	3,039,930	17	83

Table 2: Remuneration of the Non-Executive and Executive Directors of the Company for the year ended 30 June 2014.

2014 DIRECTORS	SHORT TERM BENEFITS		POST-EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED	
	SALARY & FEES (\$)	NON- MONETARY (\$)	SUPER- ANNUATION (\$)	TERMINAT- ION BENEFIT (\$)	RIGHTS (\$)	TOTAL (\$)	FIXED REM- UNERATION %	LTI %
EXECUTIVE DIRECTORS								
B.Mondello	96,667	0	8,479	0	0	105,146	100	0
K.Wallace	99,167	0	3,854*	0	0	103,021	100	0
NON-EXECUTIVE DIRECTORS								
J.Hunt	18,000	0	0	0	0	18,000	100	0
S.Vallelonga	0	0	0	0	0	0	0	0
M.Walker**	0	0	0	0	0	0	0	0
E.Loy**	0	0	0	0	0	0	0	0
T.Johnston**	0	0	0	0	0	0	0	0
TOTAL	213,834	0	12,333	0	0	226,167	100	0

*Mr Wallace's services to the Company as a Director were provided both privately and through his private company, CV Wolf Enterprises Pty Ltd. Amounts totalling \$57,500 were paid to CV Wolf Enterprises Pty Ltd and as this a relationship is a legal one of contractor and not employee, there were no superannuation entitlements due to Mr Wallace by the Company.

** Resigned 12 June 2014

DIRECTORS' REPORT

According to the Australian Accounting Standards, the Company's acquisition of AussieSim Pty Ltd during the year was regarded as a capital transaction of the legal subsidiary instead of a business combination. The new combined group is in substance a continuation of the business of AussieSim Pty Limited. The Table above is remuneration of the Directors of AussieSim Pty Ltd (also the current Directors of ZipTel Limited) during the year ended 30 June 2014.

No options held by Directors and senior management were exercised during the financial year.

KEY TERMS OF EMPLOYMENT CONTRACTS

It is Group policy that service contracts for Senior Management and Executive Directors be entered into. A service contract with an executive Director or senior executive would provide for the payment of benefits where the contract is terminated by the entity or the individual. The executive Directors and senior executives would also be entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

At any time the service contract can be terminated either by the entity or the executive Director or senior management member providing notice for a period of time in line with market practice at the time the terms are agreed. The Company may make a payment in lieu of notice for the same period of time, equal to 100% of base salary.

An executive Director or senior executive would have no entitlement to termination payment in the event of removal for misconduct.

Major provisions of the agreements existing at balance date relating to executive remuneration are set out below.

Mr Bert Mondello

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 3 months by either party. The Company may elect to pay 3 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Mr Keaton Wallace

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 3 months by either party. The Company may elect to pay 3 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Non-Executive Directors

- Term of agreement: in effect until terminated in accordance with the agreement.
- Contracted on annual fixed remuneration plus statutory superannuation.
- Non-Executive Directors are not entitled to a retirement allowance.
- Total compensation for all Non-Executive Directors is not to exceed AUD\$250,000 per annum.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group acquired the following goods and services as follows.

	2015 \$	2014 \$
Purchase from iCommunications Pty Ltd (a company related to Umberto Mondello) for rent and administration services	59,504	66,041
Purchase from Hunt & Humphry (an entity related to Joshua Hunt) for legal services	42,119	100,411
Purchase from Plexus Global Consultants (an entity related to Salvatore Vallelonga) for accounting services	55,635	111,844
Payment made to CV Wolf Enterprise as remuneration for Keaton Wallace's director service	-	57,500
	<u>157,258</u>	<u>335,796</u>

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

OUTSTANDING BALANCES WITH RELATED PARTIES

	2015 \$	2014 \$
Umberto Mondello	-	71,300
Keaton Wallace	-	79,235
Joshua Hunt	-	17,600
iCommunications Pty Ltd	-	1,338
Hunt & Humphry	-	100,411
Plexus Global Consultants	13,420	111,844
	<u>13,420</u>	<u>381,728</u>

Outstanding balances are unsecured, interest free and settlement occurs in cash.

EQUITY HOLDINGS

The number of ordinary shares of the Company held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2015 is as follows:

KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2014	ON MARKET PURCHASES DURING THE YEAR	OTHER CHANGES	BALANCE AT APPOINTMENT/ (RESIGNATION) DATE	HELD AT 30 JUNE 2015
J.Hunt	525,000	25,695	0	0	550,695
B.Mondello	8,307,500	0	1,500,000	0	9,807,500
K.Wallace	7,242,500	45,000	1,500,000	0	8,787,500
S.Vallelonga	350,000	220,000	0	0	570,000
TOTAL	16,425,000	290,695	3,000,000	0	19,715,695

DIRECTORS' REPORT

OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS

No options were granted as remuneration during the period. The number of options of the Company held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2015 is as follows:

KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2014	ON MARKET PURCHASES DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT APPOINTMENT/ (RESIGNATION) DATE	HELD AT 30 JUNE 2015
J.Hunt	262,500	28,412	0	0	290,912
B.Mondello	4,153,750	0	0	0	4,153,750
K.Wallace	3,621,250	0	0	0	3,621,250
S.Vallelonga	175,000	50,000	0	0	225,000
TOTAL	8,212,500	78,412	0	0	8,290,912

The number of performance rights of the Company held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2015 is as follows:

KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2014	GRANTED DURING THE YEAR AS REMUNERATION	CONVERTED TO SHARES DURING THE YEAR	BALANCE AT APPOINTMENT/ (RESIGNATION) DATE	HELD AT 30 JUNE 2015
B.Mondello	0	3,000,000	1,500,000*	0	1,500,000
K.Wallace	0	3,000,000	1,500,000*	0	1,500,000
TOTAL	0	6,000,000	3,000,000	0	3,000,000

*Performance Rights that converted to shares during the year relate to Tranche 1.

On 28 November 2014, a total of 6,000,000 Performance Rights were granted to Mr Mondello and Mr Wallace under the Equity Incentive Plan in two tranches as per below:

- 1,500,000 tranche 1 performance rights (Tranche 1 Performance Rights) to each of Mr Mondello and Mr Wallace; and
- 1,500,000 tranche 2 performance rights (Tranche 2 Performance Rights) to each of Mr Mondello and Mr Wallace.

The Tranche 1 Performance Rights will vest and convert to Ordinary Fully Paid Shares on a one for one basis following the achievement of the following performance milestone:

- All of the Tranche 1 Performance Rights will vest on the date that the Company's market capitalisation is equal to or exceeds \$35,000,000 for 21 consecutive trading days.

This milestone was met during the period and the Tranche 1 Performance Rights were converted to Ordinary Fully Paid Shares on 1 May 2015.

Tranche 2 Performance Rights convert to Ordinary Fully Paid Shares on a one for one basis and will vest following the achievement of the following performance milestone:

- All of the Tranche 2 Performance Rights will vest on the date that the Company's market capitalisation is equal to or exceeds \$70,000,000 for 21 consecutive trading days.

DIRECTORS' REPORT

This milestone was met subsequent to period end and the Tranche 2 Performance Rights were converted to Ordinary Fully Paid Shares on 4 September 2015.

The valuation of the Performance Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the performance milestones and the number of associated Performance Rights vesting.

The Performance Rights are not subject to an expiry date or service conditions. Both tranches have been attributed with a 100% probability of vesting. An expense of \$2,809,080 has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The fair market value of the Performance Rights at valuation date is as follows:

FAIR MARKET VALUE	TRANCHE 1 PERFORMANCE RIGHTS (\$)	TRANCHE 2 PERFORMANCE RIGHTS (\$)
Grant – 28 November 2014	0.419	0.418

Key valuation assumptions made at grant date are summarised below:

	<u>28 November 2014 Performance Rights</u>
Share price (cents)	0.42
Expected share price volatility	145%
Weighted average risk free interest rate	2.43%
Probability of vesting	100%

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

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

On behalf of the Directors,



Umberto Mondello
Chief Executive Officer

29 September 2015

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ZIPTTEL LIMITED

As lead auditor of ZipTel Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of ZipTel Limited and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 29 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of ZipTel Limited

Report on the Financial Report

We have audited the accompanying financial report of ZipTel Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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 consolidated entity 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the 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 company'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 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.

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

Opinion

In our opinion:

- (a) the financial report of ZipTel Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 ZipTel Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 29 September 2015

DIRECTORS' DECLARATION

The Directors declare that:

The financial statements and notes, as set out on pages 23 to 53 are in accordance with the Corporations Act 2001 including:

- In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable:
- In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the Company;
- In the Directors' opinion, the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note (1) to the financial statements; and
- The Directors have been given the declarations required by section 295A of the Corporations Act 2001 by the Chief Executive Officer and the Chief Financial Officer.

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



Umberto Mondello
Chief Executive Officer

29 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Revenue			
Sale of goods and services	2	498,981	555,714
Other income	3	152,426	14,567
Expenses			
Cost of sales	4	(623,026)	(250,872)
Other expenses from ordinary activities			
Administration		(668,057)	(163,535)
Employee benefits	4	(811,392)	(333,729)
Marketing and distribution	4	(930,556)	(345,653)
Consulting	4	(322,369)	(416,013)
Depreciation and amortisation	4	(55,853)	(55,709)
Occupancy		(77,415)	(53,693)
Provision for doubtful debtors	4	-	(47,481)
Write off of inventories	9	(40,473)	(2,458)
Share-based payments	15, 21	(2,809,080)	(843,360)
Net liabilities assumed from backdoor listing	15	-	(384,121)
Other backdoor listing expenses		-	(107,844)
Finance costs		(2,729)	(11,157)
Exchange gain		1,904	723
Total Expenses		(6,339,046)	(3,014,902)
Loss before income tax		(5,687,639)	(2,444,621)
Income tax expense	5	-	-
Loss for the year		(5,687,639)	(2,444,621)
Other comprehensive income		-	-
Total comprehensive expense for the year		(5,687,639)	(2,444,621)
Loss attributable to owners of the Company		(5,687,639)	(2,444,621)
Total comprehensive expense attributable to owners of the Company		(5,687,639)	(2,444,621)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	18	(8.21)	(8.81)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and bank balances	7	6,278,031	4,976,277
Trade and other receivables	8	97,374	164,187
Prepayments		-	5,852
Inventories	9	24,005	20,646
Total Current Assets		<u>6,399,410</u>	<u>5,166,962</u>
Non-current Assets			
Receivables	8	-	5,308
Plant and equipment	10	24,731	42,929
Intangible assets	11	162,614	200,268
Total Non-current Assets		<u>187,345</u>	<u>248,505</u>
Total Assets		<u>6,586,755</u>	<u>5,415,467</u>
Current Liabilities			
Bank overdraft	7	-	87,246
Trade and other payables	12	426,815	1,240,268
Provision for advance billings		11,940	14,357
Borrowings	13	-	8,066
Total Current Liabilities		<u>438,755</u>	<u>1,349,937</u>
Non-current Liabilities			
Provisions	14	84,400	29,620
Total Non-current Liabilities		<u>84,400</u>	<u>29,620</u>
Total Liabilities		<u>523,155</u>	<u>1,379,557</u>
Net Assets		<u>6,063,600</u>	<u>4,035,910</u>
Equity			
Issued capital	16	12,130,765	7,224,516
Reserves	17	2,989,266	180,186
Accumulated losses		(9,056,431)	(3,368,792)
Capital and reserves attributable to owners of the Company		<u>6,063,600</u>	<u>4,035,910</u>
Total equity		<u>6,063,600</u>	<u>4,035,910</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Attributable to Owners of the Company				
Notes	Issued Capital \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2012	-	-	(28,049)	(28,049)
Loss for the year	-	-	(896,122)	(896,122)
Total comprehensive expense for the year	-	-	(896,122)	(896,122)
Transactions with owners in their capacity as owners				
Contribution of equity, net of transaction costs	16 1,225,000	-	-	1,225,000
Balance at 30 June 2013	1,225,000	-	(924,171)	300,829
Loss for the year	-	-	(2,444,621)	(2,444,621)
Total comprehensive expense for the year	-	-	(2,444,621)	(2,444,621)
Transactions with owners in their capacity as owners				
Contribution of equity, net of transaction costs	16 5,999,516	-	-	5,999,516
Recognition of share-based payments	17 -	180,186	-	180,186
Balance at 30 June 2014	7,224,516	180,186	(3,368,792)	4,035,910
Loss for the year	-	-	(5,687,639)	(5,687,639)
Total comprehensive expense for the year	-	-	(5,687,639)	(5,687,639)
Transactions with owners in their capacity as owners				
Contribution of equity, net of transaction costs	16 4,906,249	-	-	4,906,249
Recognition of share-based payments	17 -	2,809,080	-	2,809,080
Balance at 30 June 2015	12,130,765	2,989,266	(9,056,431)	6,063,600

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		522,246	372,860
Payments to suppliers and employees		(4,016,842)	(1,335,198)
Finance costs		(1,009)	(11,157)
Other income		136,235	19,438
Net cash provided by / (used in) operating activities	20	<u>(3,359,370)</u>	<u>(954,057)</u>
Cash flows from investing activities			
Payments of plant and equipment		-	(2,312)
Payments of intangible assets		-	(80,000)
Proceeds from sale of plant and equipment		-	12,727
Net cash used in investing activities		<u>-</u>	<u>(69,585)</u>
Cash flows from financing activities			
Proceeds from issue of shares		5,206,250	5,148,000
Proceeds from convertible loans		-	496,000
Proceeds from loan by related parties		-	150,535
Proceeds from borrowings		-	8,066
Share issue transaction costs		(300,000)	(45,706)
Repayment of loan by related parties		(150,535)	-
Repayment of borrowings		(8,066)	(12,470)
Net cash provided by financing activities		<u>4,747,649</u>	<u>5,744,425</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		4,889,031	-
Effects of exchange rate changes		721	723
Cash and cash equivalents at the end of the year	7	<u>6,278,031</u>	<u>4,889,031</u>

*The above Consolidated Statement of Cash Flows should be read
in conjunction with the accompanying notes*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Australian Accounting Standards set out accounting policies that result in the presentation of reliable and relevant information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements were authorised for issue by the Directors on 29 September 2015. The Directors have the power to amend and reissue the consolidated financial statements.

BASIS OF PREPARATION OF THE FINANCIAL REPORT

The financial report has been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2.

Backdoor Listing

In 2014, following a consolidation of capital, the Company issued 25 million ordinary shares and 12.5 million options to acquire 100% of the equity capital of AussieSim Pty Ltd ("AussieSim"). In applying the requirements of Australian Accounting Standards, a number of factors, in particular the Company representing a non-operating public shell corporation with nominal assets, and the shareholders of AussieSim acquiring a majority shareholding and gaining control over the new combined entity, have resulted in the transaction being treated as a back door listing of AussieSim.

Under the Australian Accounting Standards, the transaction was considered to be a capital transaction of AussieSim instead of a business combination. It was equivalent to the issuance of shares by AussieSim for the net monetary assets of the Company, accompanied by a recapitalisation. The excess of the fair value of the deemed shares issued by AussieSim over the value of the net monetary assets of the Company at the acquisition date was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company is the legal parent entity of the Group and presents consolidated financial information. AussieSim, which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

The consolidated financial statements therefore represent the continuation of the consolidated financial statements of AussieSim and its controlled entity except for its capital structure.

The comparative information presented in the consolidated financial accounts is that of AussieSim and its controlled entity.

Removal of Parent

Separate financial statements for AussieSim (the accounting parent), as an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. Financial information for the parent company as an individual entity is included in note 27.

SIGNIFICANT ACCOUNTING POLICIES

(A). BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(B). SEGMENT REPORTING

An operating segment is identified as the component of the Group that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(C). REVENUE RECOGNITION

Revenue from sale of goods and service is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances. The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity. The Group bases its estimates on historical results and the type of transaction. Marketing analysis and accumulated experience is used to estimate and provide for the probability of the future economic benefits.

For advance billings to customers, provisions for unearned revenue are made for services which have not been rendered as at the end of the reporting period. Expenses directly attributable to the unearned revenue are deferred until the revenue is recognised.

Interest revenue is recognised using the effective interest rate method.

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

(D). INCOME TAX

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

The current income tax charge is calculated on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

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

(E). IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(F). CASH AND CASH EQUIVALENTS

For the purpose of presentation in consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to significant risk of changes in value, and bank overdrafts.

(G). TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and, other than those that meet the definition of equity instruments, are subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debts. Loss events include financial difficulty or bankruptcy of the debtor, significant delay in payments and breaches of contracts. The impairment loss, measured as the difference between the debt's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate, is recognised in profit or loss. When the debt becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

(H). INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(I). FINANCIAL ASSETS

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(J). PLANT AND EQUIPMENT

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

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

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The estimated useful lives for each class of assets are:

CLASS OF PLANT AND EQUIPMENT	EXPECTED USEFUL LIVES	DEPRECIATION BASIS
Motor vehicles	12 years	Straight line
Office furniture and equipment	3-5 years	Straight line
Telecommunication equipment	4 years	Straight line

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(K). INTANGIBLE ASSETS

Software and licenses are intangible assets. Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years or the authorised lives of licenses.

CLASS OF INTANGIBLE ASSETS	EXPECTED USEFUL LIVES	AMORTISATION BASIS
Software and communication system	4 years	Straight line
Licenses	15 years	Straight line

(L). TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(M). EMPLOYEE BENEFITS

Short-term obligations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(N). SHARE-BASED PAYMENTS

Equity-settled share-based payments in return for goods and services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments.

(O). 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.

(P). GOODS AND SERVICES TAX (GST)

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

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

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

(Q). PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(R). NEW AND REVISED ACCOUNTING STANDARDS

Standards affecting amounts reported and/or disclosures in the consolidated financial statements

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2015.

The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

TITLE OF STANDARD	NATURE OF CHANGE	IMPACT	MANDATORY APPLICATION DATE/ DATE OF ADOPTION BY GROUP
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	There will be no impact on the Group's accounting for financial assets and financial liabilities as the new requirements only affect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2018. Application date for the company will be 30 June 2019. The company does not currently have any hedging arrangements in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TITLE OF STANDARD	NATURE OF CHANGE	IMPACT	MANDATORY APPLICATION DATE/ DATE OF ADOPTION BY GROUP
AASB 15 (issued June 2014) Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	The Group has not yet made an assessment of the impact of this standard	Must be applied for annual reporting periods beginning on or after 1 January 2018. Application date for the company will be 30 June 2019.

(S). CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment of Trade Receivables

The Group assesses at the end of each reporting period whether there is objective evidence regarding trade receivables and historical collections experience. Provisions are adjusted periodically to reflect the actual and anticipated experience.

Estimated Useful Lives of Intangible Assets

The Group reviews annually the estimated useful lives of its intangible assets based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of the intangible assets would increase the recorded amortisation and decrease the carrying value of the intangible assets.

Unearned Revenue

Provisions for unearned revenue are made for services which have not been rendered as at the period-end. Management estimates provisions based on marketing analysis as well as historical information. This might suggest that actual unearned revenue amounts may differ from provisions made for the unearned revenue at the period-end. The assumptions made in relation to the current period are consistent with those in the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Taxation

Balances disclosed in the Financial Statements and the notes thereto related to taxation are based on the best estimates of the Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by the Australian Taxation Office.

NOTE 2: REVENUE

The following is an analysis of the Group's revenue for the year.

	2015 \$	2014 \$
OPERATING ACTIVITIES		
- Revenue from sale of goods	195,509	289,783
- Revenue from sale of services	338,495	282,723
Discount and sales refund	(35,023)	(16,792)
TOTAL REVENUE	498,981	555,714

NOTE 3: OTHER INCOME

The following is an analysis of the Group's other income for the year.

	2015 \$	2014 \$
NON-OPERATING ACTIVITIES		
Interest	152,426	14,567
TOTAL OTHER INCOME	152,426	14,567

NOTE 4: EXPENSES

	2015 \$	2014 \$
EXPENSES		
Cost of sales	623,026	250,872
EMPLOYEE BENEFITS		
- Employee wages and salaries	677,666	287,481
- Employee benefits expense	133,726	46,248
TOTAL EMPLOYEE BENEFITS	811,392	333,729
Marketing and distribution	930,556	345,653
Consulting	322,369	416,013
DEPRECIATION AND AMORTISATION		
- Depreciation of plant and equipment	18,198	18,054
- Amortisation of intangible assets	37,655	37,655
TOTAL DEPRECIATION AND AMORTISATION	55,853	55,709
Provision for doubtful debtors	-	47,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: INCOME TAX

	2015 \$	2014 \$
THE COMPONENTS OF TAX EXPENSE/(BENEFIT) COMPRISE:		
Current tax	-	-
Deferred tax	-	-
Adjustments for current tax of prior periods	-	-
TOTAL INCOME TAX BENEFIT	-	-
The prima facie tax on profit/(loss) is reconciled to the income tax as follows:		
Prima facie tax payable on pre-tax accounting profit from operations at 30% (2013: 30%)	(1,706,292)	(733,386)
Add tax effect of:		
- Other non-allowable items	849,702	468,599
- Deferred tax assets not brought to account	856,590	294,844
	-	30,057
Less tax effect of:		
- Deductible capital raising costs	-	30,057
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

DEFERRED TAX BALANCES

Deferred tax assets/(liabilities) arise from the following:

	Opening Balance 1/07/2013 \$	Charged to profit and loss \$	Closing Balance 30/06/2014 \$	Charged to profit and loss \$	Closing Balance 30/06/2015 \$
Unused tax losses	-	-	-	-	-
Employee Entitlements	-	-	-	-	-
Other Provisions	-	-	-	-	-
Capital Raising Costs	-	-	-	-	-
Capitalised Costs	-	-	-	-	-
Stock	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-

UNRECOGNISED DEFERRED TAX ASSETS:

	2015 \$	2014 \$
DEFERRED TAX ASSETS NOT RECOGNISED AT REPORTING DATE:		
- Net carry forward income losses	1,756,878	294,844
- Net carry forward capital losses	-	-
- Other unrecognised net deferred tax assets	576,357	219,475
	2,333,235	514,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: AUDITORS REMUNERATION

AUDITOR OF THE COMPANY:

- Auditing or reviewing the financial report
- Tax compliance services

2015 \$	2014 \$
33,078	13,000
30,502	15,300
63,580	28,300

NOTE 7: CASH AND CASH EQUIVALENTS

Cash and bank balances

2015 \$	2014 \$
6,278,031	4,976,277

RECONCILIATION TO CONSOLIDATED STATEMENT OF CASHFLOWS:

Balances as above

6,278,031

4,976,277

Bank overdraft

-

(87,246)

BALANCES PER STATEMENT OF CASHFLOWS

6,278,031

4,889,031

NOTE 8: TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors

95,361

108,659

Less allowance for doubtful debts

(77,992)

(47,481)

Trade debtors, net

17,369

61,178

Goods and services tax recoverable

48,271

50,877

Other receivables

31,734

52,132

97,374

164,187

NON-CURRENT

Other receivables

-

5,308

The average credit period on sale of goods is approximately 90 days. The sale of services is collected in advance. No interest is charged on the trade receivables. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts. Before accepting any new customers, the Group internally assess the potential customer's credit quality and defines credit limits by customer. Limits to customers are reviewed periodically.

AGEING OF PAST DUE BUT NOT IMPAIRED

Over 120 days

2015
\$

11,696

2014
\$

3,920

AGEING OF IMPAIRED TRADE RECEIVABLES

Over 120 days

77,992

47,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS

Balance at beginning of the year	47,481	-
Impairment losses recognised on receivables	30,511	47,481
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	-	-
	<u>77,992</u>	<u>47,481</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Of the trade receivables balance at the end of the year, there are three (3) customers (2014: two (2) customers) who represent more than 5% of the total balance of trade receivables.

NOTE 9: INVENTORIES

	2015	2014
	\$	\$
Finished goods at net realisable value	<u>24,005</u>	<u>20,646</u>

The cost of inventory recognised as an expense during the period in respect of continuing operations was \$21,913 (2014: \$49,384).

The cost of inventories recognised as an expense was \$40,473 (2014: \$2,458) in respect of write-off of inventory that was obsolete and no longer for sale.

No inventories at 30 June 2015 (30 June 2014: nil) are expected to be recovered after more than twelve months.

NOTE 10: PLANT AND EQUIPMENT

	2015				2014			
	\$				\$			
	Tele- communication equipment	Furniture & Office Equipment	Motor Vehicles	Total	Tele- communication equipment	Furniture & Office Equipment	Motor Vehicles	Total
Cost	67,391	5,148	-	72,539	67,391	5,148	-	72,539
Accumulated depreciation	(45,465)	(2,343)	-	(47,808)	(28,618)	(992)	-	(29,610)
Net book amount	<u>21,926</u>	<u>2,805</u>	<u>-</u>	<u>24,731</u>	<u>38,773</u>	<u>4,156</u>	<u>-</u>	<u>42,929</u>
Opening net book amount	38,773	4,156	-	42,929	55,621	2,648	18,000	76,269
Additions	-	-	-	-	-	2,312	-	2,312
Disposals	-	-	-	-	-	-	(17,598)	(17,598)
Depreciation charge	(16,847)	(1,351)	-	(18,198)	(16,848)	(804)	(402)	(18,054)
Closing net book amount	<u>21,926</u>	<u>2,805</u>	<u>-</u>	<u>24,731</u>	<u>38,773</u>	<u>4,156</u>	<u>-</u>	<u>42,929</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: INTANGIBLE ASSETS

	2015 \$			2014 \$		
	Software & Tele communication System	Licences	Total	Software & Tele communication System	Licences	Total
Cost	113,000	141,072	254,072	113,000	141,072	254,072
Accumulated amortisation	(72,648)	(18,810)	(91,458)	(44,399)	(9,405)	(53,804)
Net book amount	40,352	122,262	162,614	68,601	131,667	200,268
Opening net book amount	68,601	131,667	200,268	96,851	-	96,851
Additions	-	-	-	-	141,072	141,072
Amortisation charge	(28,249)	(9,405)	(37,654)	(28,250)	(9,405)	(37,655)
Closing net book amount	40,352	122,262	162,614	68,601	131,667	200,268

SIGNIFICANT INTANGIBLE ASSETS

The Group holds significant licenses for exclusive use of certain technology to distribute goods and services. The capitalised licensed fee are amortised based on the authorised lives of the licenses.

NOTE 12: TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
CURRENT		
Trade payables	335,134	1,058,826
Sundry creditors and other statutory liabilities	91,681	181,442
	<u>426,815</u>	<u>1,240,268</u>

Trade payables are unsecured and are usually paid within 30 – 60 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTE 13: BORROWINGS

	2015 \$	2014 \$
CURRENT		
<i>Unsecured</i>		
Loan from other entity (i)	-	8,066
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>8,066</u>

- (i) Fixed rate loan with a finance company with remaining maturity period less than one year. Interest rate on the loan is 11.05%. The carrying amount of the loan is assumed to be the same as its fair value, due to its short-term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: PROVISIONS

NON-CURRENT	2015	2014
	\$	\$
Employee entitlements	84,400	29,620
Total non-current provisions	<u>84,400</u>	<u>29,620</u>

The provision for employee entitlements relates to the Group's liability for annual leave. Based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The provision is calculated according to the estimated future cash outflows on a discounted basis.

NOTE 15: BACKDOOR LISTING

Following an extraordinary general meeting conducted on 23 May 2014 and relevant capital transactions completed on 12 June 2014, the Company issued 25 million ordinary shares and 12.5 million options (on a post-consolidation basis) to the vendors of AussieSim in consideration for the acquisition of 100% of the issued share capital in AussieSim. In addition, the Company issued another 25 million ordinary shares to raise \$5 million capital and 3.1 million ordinary shares to settle a \$0.496 million convertible loan (all together referred to as the "Capital Transaction")

After the Capital Transaction, the vendors of ZipTel Limited with 8 million ordinary shares became passive investors while the vendors of AussieSim acquired a majority shareholding and gained control over the new combined entity.

With nominal assets, ZipTel Limited acted as a non-operating public shell in the Capital Transaction. Under Australian Accounting Standards, the acquisition is accounted for as a continuation of AussieSim which has become a listed company by exchanging equity interest with ZipTel Limited. Based on the Capital Transaction, AussieSim would have had to issue 1,506 shares to give ZipTel Limited's vendors the same percentage equity interest in the new group. The deemed shares valued at \$843,360 (note 22) are recognised as a share-based payment expense.

Apart from the deemed shares, as part of the backdoor listing, AussieSim took over the monetary assets/(liabilities) transferred from ZipTel Limited as at the transaction date as follows:

	\$
Loans and receivables	<u>137,548</u>
Bank overdraft	(25,669)
Loans and payable	<u>(496,000)</u>
Net monetary liabilities	<u>(384,121)</u>

The net monetary liabilities arising from the backdoor listing together with the share-based payment expense are accounted as part of AussieSim's listing expenses and have been charged to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: ISSUED CAPITAL

	2015		2014	
	Number of shares	\$	Number of shares	\$
Fully paid ordinary shares	77,009,742	12,130,765	61,100,079	7,224,516

Changes to the Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

2015	Number of shares (i)	\$
FULLY PAID ORDINARY SHARES		
Balance at 1 July 2014	61,100,079	7,224,516
Issue of shares to raise capital	12,202,380	5,125,000
Issue of shares on conversion of options	272,500	81,750
Vesting of performance rights	3,000,000	-
Issue of shares in return for service	434,783	-
Capital raising costs	-	(300,501)
Balance at 30 June 2015	77,009,742	12,130,765

2014	Number of shares (i)	\$
FULLY PAID ORDINARY SHARES		
Balance at 1 July 2012	12,500,000	-
Issue of shares	3,707,500,000	1,225,000
Balance at 30 June 2013	3,720,000,000	1,225,000
Issue of shares as non-refundable deposits	280,000,000	-
Subscription of shares	-	148,000
	4,000,000,000	1,373,000
Consolidation of shares on a basis of 500:1(ii)	8,000,000	1,373,000
Issue of shares to satisfy conversion of the converting loan	3,100,000	496,000
Issue of shares under the capital transaction (iii)	25,000,079	843,360
Issue of shares to raise capital	25,000,000	5,000,000
Capital raising costs	-	(487,844)
Balance at 30 June 2014	61,100,079	7,224,516

- (i) The equity structure of AussieSim (the accounting parent) is restated using the exchange ratio established in the acquisition to reflect the number of shares of the Company (the legal parent), including the equity interests issued to effect the capital transaction. Comparative information presented is also retroactively adjusted to reflect the legal capital of the Company.
- (ii) Following an extraordinary general meeting conducted on 23 May 2014, the Company consolidated the number of shares on issue on a one (1) for 500 basis.
- (iii) The fair value of shares deemed to be issued for the capital transaction was determined by reference to the latest share transaction with an independent party (note 21).

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid on the shares held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENTS IN OPTIONS

Balance at the beginning of the financial year	28,500,000	-
Options granted to raise capital	-	12,500,000
Options granted under the capital transactions	-	12,500,000
Issue of options in return for service	1,050,000	3,500,000
Options exercised during the year	(272,500)	-
Options lapsed during the year	-	-
BALANCE AT THE END OF THE FINANCIAL YEAR	29,277,500	28,500,000

Number of Options	
2015	2014
\$	\$
28,500,000	-
-	12,500,000
-	12,500,000
1,050,000	3,500,000
(272,500)	-
-	-
29,277,500	28,500,000

All options on issue are exercisable on a 1:1 basis for the Company's ordinary shares and carry no rights to dividends and no voting rights. Options are at an exercisable price of \$0.30 each on or before 31 December 2016.

MOVEMENTS IN RIGHTS

Balance at the beginning of the financial year	-	-
Issue of rights as remuneration	6,000,000	-
Rights vested during the year	(3,000,000)	-
Rights lapsed during the year	-	-
BALANCE AT THE END OF THE FINANCIAL YEAR	3,000,000	-

Number of Rights	
2015	2014
\$	\$
-	-
6,000,000	-
(3,000,000)	-
-	-
3,000,000	-

All rights on issue convert to Ordinary Fully Paid Shares on a one for one basis following the achievement of performance milestones.

NOTE 17: RESERVES

	2015	2014
	\$	\$
Option Reserve	2,989,266	180,186
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	180,186	-
Options granted during the year	-	-
- Share-based payments	2,809,080	180,186
Balance at the end of the financial year	2,989,266	180,186

NOTE 18: LOSS PER SHARE

	2015	2014
	\$	\$
RECONCILIATION OF LOSS USED IN CALCULATING LOSS PER SHARE:		
Loss attributable to owners of the Company	(5,687,639)	(2,444,621)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for the purposes of basic loss per share	69,248,403	27,764,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As the Company has made a loss for the year ended 30 June 2015, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTE 19: DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

NOTE 20: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2015 \$	2014 \$
Loss after income tax	(5,687,639)	(2,444,621)
NON CASH ITEMS		
Depreciation and amortisation expenses	55,853	55,709
Write-off inventories	40,473	2,458
Share-based payment expenses	2,809,080	1,023,546
Provision for employee entitlements	54,780	22,004
Provision on impairment receivables	30,511	47,481
Loss on disposal of plant and equipment	-	4,870
Exchange differences	(1,904)	(723)
<i>(Decrease) / Increase in working capital</i>		
Change in other current assets	69,306	(137,624)
Change in other liabilities	(729,830)	472,843
Net cash outflow from operating activities	<u>(3,359,370)</u>	<u>(954,057)</u>

NOTE 21: SHARE-BASED PAYMENTS

The number of performance rights of the Company held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2015 is as follows:

KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2014	GRANTED DURING THE YEAR AS REMUNERATION	CONVERTED TO SHARES DURING THE YEAR	BALANCE AT APPOINTMENT/ (RESIGNATION) DATE	HELD AT 30 JUNE 2015
B.Mondello	0	3,000,000	1,500,000*	0	1,500,000
K.Wallace	0	3,000,000	1,500,000*	0	1,500,000
TOTAL	0	6,000,000	3,000,000	0	3,000,000

*Performance Rights that converted to shares during the year relate to Tranche 1.

On 28 November 2014, a total of 6,000,000 Performance Rights were granted to Mr Mondello and Mr Wallace under the Equity Incentive Plan in two tranches as per below:

- 1,500,000 tranche 1 performance rights (Tranche 1 Performance Rights) to each of Mr Mondello and Mr Wallace; and
- 1,500,000 tranche 2 performance rights (Tranche 2 Performance Rights) to each of Mr Mondello and Mr Wallace.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Tranche 1 Performance Rights will vest and convert to Ordinary Fully Paid Shares on a one for one basis following the achievement of the following performance milestone:

- All of the Tranche 1 Performance Rights will vest on the date that the Company's market capitalisation is equal to or exceeds \$35,000,000 for 21 consecutive trading days.

This milestone was met during the period and the Tranche 1 Performance Rights were converted to Ordinary Fully Paid Shares on 1 May 2015.

Tranche 2 Performance Rights convert to Ordinary Fully Paid Shares on a one for one basis and will vest following the achievement of the following performance milestone:

- All of the Tranche 2 Performance Rights will vest on the date that the Company's market capitalisation is equal to or exceeds \$70,000,000 for 21 consecutive trading days.

This milestone was met subsequent to period end and the Tranche 2 Performance Rights were converted to Ordinary Fully Paid Shares on 4 September 2015.

The valuation of the Performance Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the performance milestones and the number of associated Performance Rights vesting.

The Performance Rights are not subject to an expiry date or service conditions. Both tranches have been attributed with a 100% probability of vesting. An expense of \$2,809,080 has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The fair market value of the Performance Rights at valuation date is as follows:

FAIR MARKET VALUE	TRANCHE 1 PERFORMANCE RIGHTS (\$)	TRANCHE 2 PERFORMANCE RIGHTS (\$)
Grant – 28 November 2014	0.419	0.418

Key valuation assumptions made at grant date are summarised below:

	28 November 2014 Performance Rights
Share price (cents)	0.42
Expected share price volatility	145%
Weighted average risk free interest rate	2.43%
Probability of vesting	100%

On 10 June 2015, 434,783 shares were issued in return for consulting services from an independent party. Shares were granted for no consideration and do not have any vesting conditions.

The Company issued 1,050,000 options (2014: 3,500,000 options) exercisable at \$0.30 on or before 31 December 2016 in return for advisory service from an independent party. Options are granted under a corporate advisory agreement for no consideration. The options do not have vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The table below shows the share-based payment options granted by the Company during the year:

	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
OUTSTANDING AT THE BEGINNING OF THE YEAR	3,500,000	0.30	-	-
Granted	1,050,000	0.30	3,500,000	0.30
Forfeited/cancelled	-	-	-	-
Outstanding at year end	4,550,000	0.30	3,500,000	0.30
Exercisable at year end	4,550,000	0.30	3,500,000	0.30

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.5 years and the exercise price is 30 cents. The weighted average fair value of the options granted during 2014 was 7.355 cents. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2015	2014
Weighted average exercise price (cents)	-	30.00
Weighted average life of the option (years)	-	2.5
Weighted average underlying share price (cents)	-	16.00
Expected share price volatility	-	100%
Weighted average risk free interest rate	-	2.5%

No other features of the option grant are incorporated into the measurement of fair value, including market condition. Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

As detailed in note 15, in 2014, AussieSim would have had to issue 1,506 shares for listing purpose. The fair value of each deemed share is \$560, which is the latest payment for share subscription before the Capital Transaction.

Expenses arising from share-based payment transactions:

	2015	2014
	\$	\$
Share-based payment expense recognised for advisory services	-	180,186
Share-based payment expense recognised for backdoor listing	-	843,360
Share-based payment expense recognised for consulting services	300,000	-
Share-based payment expense recognised for Performance Rights	2,509,080	-
	<u>2,809,080</u>	<u>1,023,546</u>

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors of the Company and the Group is set out below:

	2015	2014
	\$	\$
Short term benefits	490,000	213,834
Post-employment benefits	40,850	12,333
Share-based payments	2,509,080	-
	<u>3,039,930</u>	<u>226,167</u>

Detailed remuneration disclosures are provided in the Remuneration Report on pages 11 to 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23: RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of ZipTel Limited and the subsidiaries listed in the following table

Name	Country of Incorporation	Principal Activities	% Equity Interest	
			2015	2014
AussieSim Pty Ltd	Australia	Telecommunication	100%	100%
Zipt Pty Ltd*	Australia	Telecommunication	100%	-
Zipt IP Pty Ltd*	Australia	Telecommunication	100%	-
Roam Like Home Pty Ltd	Australia	Telecommunication	100%	100%

*These entities were incorporated during the year.

ZipTel Limited is the ultimate legal Australian parent entity and ultimate legal parent of the Group.

TRANSACTIONS WITH RELATED PARTIES

(1) LOANS FROM/TO RELATED PARTIES

	2015 \$	2014 \$
Intergroup Loan (i)	2,284,800	106,000
Loan from Umberto Mondello	-	71,300
Loan from Keaton Wallace	-	79,235
	-	150,535

(i) Loan provided by ZipTel Limited to AussieSim Pty Ltd, Zipt Pty Ltd and Roam Like Home Pty Ltd. The balance is eliminated in the consolidated financial statements.

All loans are unsecured, interest free and settlement occurs in cash.

(2) OTHER TRANSACTIONS WITH RELATED PARTIES

The Group acquired the following goods and services as follows.

	2015 \$	2014 \$
Purchase from iCommunications Pty Ltd (a company related to Umberto Mondello) for rent and administration services	59,504	66,041
Purchase from Hunt & Humphry (an entity related to Joshua Hunt) for legal services	42,119	100,411
Purchase from Plexus Global Consultants (an entity related to Salvatore Vallelonga) for accounting services	55,635	111,844
Payment made to CV Wolf Enterprise as remuneration for Keaton Wallace's director service	-	57,500
	157,258	335,796

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) OUTSTANDING BALANCES WITH RELATED PARTIES

	2015 \$	2014 \$
Umberto Mondello	-	71,300
Keaton Wallace	-	79,235
Joshua Hunt	-	17,600
ICommunications Pty Ltd	-	1,338
Hunt & Humphry	-	100,411
Plexus Global Consultants	13,420	111,844
	<u>13,420</u>	<u>381,728</u>

All the outstanding balances with related parties are included in trade and other payables in note 12.

NOTE 24: CAPITAL AND LEASING COMMITMENTS

The Group leases an office under an operating lease which is renewed each year. Therefore the Group has no lease commitments later than one year. The commitment for minimum lease payments in relation to the operating lease payable is as follows:

	2015 \$	2014 \$
Within one year	40,000	62,750
	<u>40,000</u>	<u>62,750</u>

NOTE 25: SEGMENT REPORTING

(1) DESCRIPTION OF SEGMENTS

The Group's executive directors examine the Group's performance from a core communications products perspective and have identified two reportable segments of its business, being prepaid travel sim card services (AussieSim) and mobile based VOIP communication services (ZipT).

(2) SEGMENT REVENUE AND RESULTS

	SEGMENT REVENUE		SEGMENT PROFIT	
	2015 \$	2014 \$	2015 \$	2014 \$
CONTINUING OPERATIONS				
AussieSim	400,590	555,714	4,991	304,842
ZipT	98,391	-	(129,037)	-
Unallocated sales discount and refund	-	-	(35,023)	(16,747)
	<u>498,981</u>	<u>555,714</u>	<u>(159,069)</u>	<u>288,095</u>
Other income	152,426	14,567	152,426	14,567
Corporate and administration	-	-	(5,622,414)	(2,680,417)
Depreciation and amortisation	-	-	(55,853)	(55,709)
Finance Costs	-	-	(2,729)	(11,157)
LOSS BEFORE INCOME TAX	<u>651,407</u>	<u>570,281</u>	<u>(5,687,639)</u>	<u>(2,444,621)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of central corporate and administration costs, employee benefits, depreciation and amortisation, and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(3) SEGMENT ASSETS AND LIABILITIES

	2015 \$	2014 \$
SEGMENT ASSETS		
AussieSim	254,352	380,839
Zipt	61,171	60,156
Total segment assets	315,523	440,995
Cash and corporate assets	6,271,231	4,974,472
TOTAL ASSETS	6,586,754	5,415,467
SEGMENT LIABILITIES		
AussieSim	173,837	757,789
Zipt	349,316	621,768
Total segment liabilities	523,153	1,379,557
Cash and corporate liabilities	-	-
TOTAL LIABILITIES	523,153	1,379,557

For the purposes of monitoring segment performance and allocating resources between segments:

- (i) all assets are allocated to reportable segments other than cash, GST receivables, office equipment, and certain other receivables. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- (j) all liabilities are allocated to reportable segments other than bank overdraft, borrowings, and corporate creditors. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(4) INFORMATION ABOUT MAJOR CUSTOMERS

The Group has no external customers that represent more than 10% of total Group revenue. ZipTel Limited is not reliant on any of its major customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 26: RISK MANAGEMENT

(A) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 7, and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16 and 17.

Operating cash flows are used to maintain and expand the Group's operational assets, as well as to make the routine outflows of tax and repayment of maturing payables and debt.

In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

(B) FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board as a whole.

The Group holds the following financial instruments:

	2015	2014
	\$	\$
FINANCIAL ASSETS - CURRENT		
Cash and cash equivalents	6,278,031	4,976,277
Trade and other receivables	97,374	169,495
	<u>6,375,405</u>	<u>5,145,772</u>
FINANCIAL LIABILITIES - CURRENT		
Bank overdraft	-	87,246
Trade and other payables	438,753	1,240,268
Borrowings	-	8,066
	<u>438,753</u>	<u>1,335,580</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(C) Market Risk

(i) Foreign Exchange Risk

The Group had a US dollar bank account at 30 June 2015 with a balance of A\$108,951 (2014: nil). The Group has entered into service agreements which were valued in US dollars and UK pound sterling. No financial instruments have been entered into to manage this risk.

The table below summarises the impact of +/- 10% strengthening/weakening of the USD against the AUD on the consolidated entities post tax profit for the year and equity. The analysis is based on a 10% strengthening/weakening of the USD against the AUD at reporting date with all other factors remaining equal

	Post tax profit \$	Equity \$
2015		
Impact of a 10% strengthening of the USD on net loss	(10,895)	(10,895)
Impact of a 10% weakening of the USD on net loss	10,895	10,895
2014		
Impact of a 10% strengthening of the USD on net loss	-	-
Impact of a 10% weakening of the USD on net loss	-	-

(ii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings and term deposits was 2.7% at 30 June 2015 (30 June 2014: nil). All other financial assets and liabilities are non interest bearing.

(iii) Group Sensitivity

At 30 June 2015, if interest rates had increased or decreased by 100 basis points from the period end rates with all other variables held constant, loss before income tax for the period would have been \$50,457 higher/\$50,457 lower (2014: \$100/\$100), mainly as a result of higher/lower interest expense from bank overdraft and borrowings.

(D) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover will be purchased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At the date of reporting, the Group has not acquired any credit guarantee insurance cover on any customer as no such risks have been identified.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Group is not exposed to any credit risk on derivative financial instruments as the Group has not acquired any and does not use them in the course of its normal operations. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

(E) Liquidity Risk Management

The carrying amount of the Group's financial liabilities represents the maximum liquidity risk. The Group's maximum exposure to liquidity risk at the reporting date was:

	2015 \$	2014 \$
FINANCIAL LIABILITIES - CURRENT		
Trade and other payables	438,753	1,240,268
	<u>438,753</u>	<u>1,240,268</u>

The following table discloses the contractual maturity analysis at the reporting date:

	6-12 months \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Total \$
FINANCIAL ASSETS					
Cash and cash equivalents	6,278,031	-	-	-	6,278,031
Trade and other receivables	97,374	-	-	-	97,374
	<u>6,375,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,375,405</u>
FINANCIAL LIABILITIES					
Trade and other payables	438,753	-	-	-	438,753
	<u>438,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,753</u>

(F) Fair Value of Financial Instruments

The Group determines the fair values of financial assets and liabilities in accordance with accounting policies as disclosed in Note 1 to the financial statements.

The Directors consider that the carrying amount of financial assets and financial liabilities in the financial statements approximates their fair values. Fair value is based on a Level 2 hierarchy for loans and borrowings based on market rates for similar assets and liabilities. The Group does not hold any derivatives, financial assets for trading, nor available for sale financial assets at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27: PARENT ENTITY INFORMATION

The following information relates to the parent entity, AussieSim Pty Ltd. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2015 \$	2014 \$
Current Assets	164,230	132,333
Non-current Assets	194,145	255,305
TOTAL ASSETS	358,375	387,639
Current Liabilities	173,837	728,170
Non-current Liabilities	2,277,800	135,620
TOTAL LIABILITIES	2,451,637	863,789
Contributed equity	1,373,000	1,373,000
Accumulated Losses	(3,466,262)	(1,849,150)
TOTAL EQUITY	(2,093,262)	(476,150)
Revenue for the year	400,753	570,281
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(1,617,112)	(931,779)

NOTE 28: CONTINGENCIES

There were no contingencies as at 30 June 2015.

NOTE 29: SUBSEQUENT EVENTS

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2015.

NOTE 30: COMPANY DETAILS

The registered office and the principal place of business are:

- Suite 8, 281 Hay Street Subiaco WA 6008

ADDITIONAL SECURITIES EXCHANGE INFO

NUMBER OF HOLDINGS OF EQUITY SECURITIES AS AT 24 SEPTEMBER 2015

The fully paid issued capital of the Company consisted of 80,116,242 ordinary fully paid shares held by 1,815 shareholders. Each share entitles the holder to one vote. 434,783 ordinary fully paid shares are held in escrow until 10 December 2015 and 18,250,000 are held in escrow until 3 July 2016.

There are 29,135,670 options over ordinary shares with an exercise price of \$0.30 and an expiry date of 31 December 2016 held by 190 optionholders. 12,625,000 options are held in escrow until 3 July 2016.

Options do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES AS AT 24 SEPTEMBER 2015

SPREAD OF HOLDINGS	HOLDERS	SECURITIES	% OF ISSUED CAPITAL
1 -1,000	567	212,466	0.27%
1,001 -5,000	492	1,403,720	1.75%
5,001 -10,000	256	2,101,756	2.62%
10,001 -100,000	421	12,927,817	16.14%
100,001 -9,999,999	79	63,470,483	79.22%
TOTAL	1,815	80,116,242	100.00%

UNMARKETABLE PARCELS	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$500.00 parcel at \$1.385 per unit	\$500	317	28,900

SUBSTANTIAL SHAREHOLDERS AS AT 24 SEPTEMBER 2015

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are

SUBSTANTIAL SHAREHOLDER	NUMBER OF SHARES	% HELD
K2 Asset Management Ltd	11,941,667	14.91%
Mr Umberto Mondello and Associated Entities	9,807,500	12.24%
Mr Keaton Wallace and Associated Entities	8,787,500	10.97%
Northshore Investments Limited	5,350,000	6.68%

:

ADDITIONAL SECURITIES EXCHANGE INFO

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 24 SEPTEMBER 2015

RANK	SHAREHOLDER	DESIGNATION	UNITS	% OF ISSUED CAPITAL
1.	HSBC CUSTODY NOM AUST LTD		15,564,090	19.43%
2.	UCM HLDGS LTD		8,307,500	10.37%
3.	WALLACE KEATON PAUL		7,287,500	9.10%
4.	HSBC CUSTODY NOM AUST LTD		6,230,000	7.78%
5.	WALLACE KEATON PAUL	WALLACE INV A/C	3,000,000	3.74%
6.	INDOMAIN ENTPS PL	UC MONDELLO FAM A/	3,000,000	3.74%
7.	RYLET PL		1,010,056	1.26%
8.	SAYERS INV ACT PL	SAYERS S/F A/C	1,000,000	1.25%
9.	SAYERS INV ACT PL	SAYERS INVEST NO 2	950,000	1.19%
10.	PALERMO DAVIDE ANTHONY	D & F PALERMO FAM	852,378	1.06%
11.	MACKENZIE GREG L + M M	TELSON A/C	750,000	0.94%
12.	GFN NOM PL	GFN FAM SUPER	637,800	0.80%
13.	UBS NOM PL		625,000	0.78%
14.	MANSON JOHN H + K A	MAYFLOWER A/C	600,000	0.75%
15.	SAYERS INV ACT PL	SAYERS S/F A/C	570,000	0.71%
16.	LYDIAN ENTPS PL		500,000	0.62%
17.	KEYSQUARED PL		450,000	0.56%
18.	NYG PL	JNH LAW FUND A/C	450,000	0.56%
19.	ABN AMRO CLRG SYD NOM PL	CUST A/C	413,593	0.52%
20.	HIONG LIM		370,000	0.46%

ADDITIONAL SECURITIES EXCHANGE INFO

TWENTY LARGEST OPTIONHOLDERS OF QUOTED EQUITY SECURITIES

TOP 20 HOLDERS OF OPTIONS AT 24 SEPTEMBER 2015

RANK	OPTIONHOLDER	DESIGNATION	UNITS	% OF ISSUED CAPITAL
1.	HSBC CUSTODY NOM AUST LTD		6,435,800	22.09%
2.	UCM HLDGS LTD		4,153,750	14.26%
3.	WALLACE KEATON PAUL		3,621,250	12.43%
4.	COLBERN FIDUCIARY NOM PL		3,500,000	12.01%
5.	SAYERS INV ACT PL	SAYERS INVEST NO 2	750,000	2.57%
6.	RYLET PL		530,000	1.82%
7.	GFN NOM PL	GFN FAM SUPER	500,000	1.72%
8.	PALERMO DAVIDE ANTHONY	D & F PALERMO FAM	437,500	1.50%
9.	YUEN JOHN KWOK MUN		362,405	1.24%
10.	S3 CONSORTIUM PL		340,000	1.17%
11.	PHAN VINH		339,013	1.16%
12.	ELEKTRA INV PL		267,000	0.92%
13.	SMITH GAVIN		265,000	0.91%
14.	NYG PL	JNH LAW FUND A/C	262,500	0.90%
15.	LYDIAN ENTPS PL		250,000	0.86%
16.	EQUITAS NOM PL	PB-601018 A/C	250,000	0.86%
17.	KEYSQUARED PL		225,000	0.77%
18.	SEMPAI INV PL		214,000	0.73%
19.	BAMFORD DAVID PHILLIP		210,000	0.72%
20.	MOORE JESSE		197,637	0.68%