



amayxim Australia Pty Ltd

ABN 65 143 613 478

Special purpose financial statements

For the year ended 30 June 2014

amaysim Australia Pty Ltd

Contents

	Page Number
Directors' report	3
Auditor's independence declaration	6
Financial report	
Preliminary note	7
Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes to the financial statements	12
Directors declaration	25
Auditor's report	26

amaysim Australia Pty Ltd

Directors' report

The Directors of amaysim Australia Pty Ltd (amaysim) (ABN 65 143 613 478), present their report together with the financial report of the group and its controlled entities (the Group) for the year ended 30 June 2014.

Directors

The Directors of the Group during the period and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise:

	Appointment Date
PETER O'CONNELL	12 May 2010
ROLF HANSEN	12 May 2010
THORSTEN KRAEMER	6 August 2010
MALTE VON DER ROPP	6 August 2010
THOMAS FALK	16 August 2010
SAAD RAJA	15 March 2011
CHRISTIAN MAGEL	15 March 2011
ANDREAS PERREITER	23 March 2013
GEORGE SIDJIMKOV (Alternate Director)	15 March 2011
THOMAS ENGE (Alternative Director)	23 March 2013

Principal activity

The principal activity of the Group is the provision of mobile telecommunication services.

Operating result

The group's operating loss after providing for income tax for the period ended 30 June 2014 was \$9,906,946. The 30 June 2014 operating results includes a loss of \$7,496,470 related to discontinued operations (2013: \$nil).

Dividends

The directors have not recommended any payment of dividends for the current financial period.

Significant changes in the state of affairs

There are no significant changes in the state of affairs for the period ended 30 June 2014.

Significant events after the balance date

On 11 July 2014 amaysim Australia Pty Ltd entered into an agreement with Shark Holding GmbH to purchase 100% of the equity in Eastpoint Pty Ltd. Eastpoint Pty Ltd is the entity which owns the world wide trademark of amaysim. The purchase price for Eastpoint was \$AU5,050,000 payable in instalments at: 11 July 2014; 1 October 2014; 1 January 2015; and, 1 April 2015.

In August 2013, amaysim Australia raised \$US3,006,300 in convertible notes. The purpose of these notes was to conduct market feasibility studies, formation and advisory costs for the establishment of amaysim USA Inc. Consistent with the conditions of the notes, as the USA operations did not proceed, the notes are redeemed for the principle investment plus 12% interest. Note holders have the option to receive the redemption in cash or converted to equity in amaysim Australia

amaysim Australia Pty Ltd

Directors' report

Significant events after the balance date (continued)

Pty Ltd. 87% of all convertible notes were converted to equity in August 2014. This resulted in the issuance of an additional 30,453 ordinary shares.

Other than the above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of its operations or its state of affairs, which is not already reflected in this report.

Going concern assumption

The consolidated entity was successful in achieving a positive cash flow during 2013/2014 and the directors have therefore prepared the financial report on a going concern basis. The directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2014. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concern.

Likely developments and expected results

In the opinion of the directors, disclosure of information regarding likely developments in the operations of the Group and the expected results of those operations in subsequent financial periods would be likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in the report.

Environmental regulation and performance

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

Indemnification and insurance of directors and officers

The group indemnifies, to the extent permitted by law, all officers of the group, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Group.

This indemnity is not extended to current or former employees of the Group against liability incurred in their capacity as an employee unless approved by the Board of amaysim Australia Pty Ltd. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, the Group agreed to insure all the officers of the Group against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

During the financial year amaysim paid premiums in respect of a contract insuring all the directors against costs incurred in defending proceedings for conduct involving:

- (i) a wilful breach of duty; or
- (ii) a contravention of Sections 182 or 183 of the Corporations Act 2001 as permitted by Section 199B of the Corporations Act 2001

Insurance contract premiums have been paid but not disclosed due to a confidentiality clause in the insurance contract.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the group with leave of the Court under section 237 of the Corporations Act 2001.

amaysim Australia Pty Ltd

Directors' report

Auditor independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Auditor

PwC continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding

The amounts contained in this report and in the financial report have been rounded under the option available to the Group under ASIC Class Order 98/100. The Group is an entity to which the Class Order applies, and in accordance with the Class Order, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars (where rounding is appropriate).

Signed in accordance with a resolution of the Directors:



Peter O'Connell
Chairman and Director
Dated 23 October 2014, Sydney



Rolf Hansen
Chief Executive Officer and Director
Dated 23 October 2014, Sydney



Auditor's Independence Declaration

As lead auditor for the audit of amaysim Australia Pty Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of amaysim Australia Pty Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read "S Prakash", with a horizontal line underneath.

Sumanth Prakash
Partner
PricewaterhouseCoopers

Sydney
23 October 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

amaysim Australia Pty Ltd

Preliminary note

This financial statement covers the consolidated entity consisting of amaysim Australia Pty Ltd and its controlled entities.

amaysim Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principle place of business is:

Level 6
17-19 Bridge Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and principal activities is included in the directors' report on pages 3 - 5.

The financial statements were authorised for issue by the directors on 23 October 2014.

The company has the power to amend and reissue the financial statements.

The financial statements are presented in the Australian currency.

amaysim Australia Pty Ltd

Consolidated statement of comprehensive income For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
REVENUE			
Service revenue	2	123,746	70,373
Other revenue	2	4,314	3,091
Total revenue		128,060	73,464
Other income		156	110
EXPENSES			
Network related expenses	3	(100,280)	(57,619)
Employee benefits expense		(14,868)	(12,506)
Marketing expenses		(6,960)	(5,715)
Depreciation and amortisation expense	3,7,8	(1,593)	(1,507)
Other expenses		(6,564)	(5,638)
Finance costs	3	(325)	(42)
Total expenses		(130,590)	(83,027)
(Loss) before income tax		(2,374)	(9,453)
(Income tax expense) / Income tax credit		(37)	(40)
(Loss) from continuing operations		(2,411)	(9,493)
(Loss) from discontinued operations	4	(7,496)	-
(Loss) attributable to members of amaysim Australia Pty Ltd		(9,907)	(9,493)
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year attributable to members of amaysim Australia Pty Ltd		(9,907)	(9,493)

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

amaysim Australia Pty Ltd

Consolidated balance sheet As at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	7,403	1,326
Trade and other receivables	6	5,490	3,383
Other current assets	7	843	179
Total current assets		13,736	4,888
NON-CURRENT ASSETS			
Property, plant and equipment	8	822	1,201
Intangible assets	9	2,111	1,073
Other non-current assets	10	1,373	1,119
Total non-current assets		4,306	3,393
TOTAL ASSETS		18,042	8,281
CURRENT LIABILITIES			
Trade and other creditors	11	41,192	26,336
Lease liabilities	13	277	174
Provisions	12	426	300
Borrowings	15	2,193	-
Total current liabilities		44,088	26,810
NON-CURRENT LIABILITIES			
Lease liabilities	13	35	364
Other payables	14	4,166	2,966
Provisions	12	245	188
Borrowings	15	1,462	-
Total non-current liabilities		5,908	3,518
TOTAL LIABILITIES		49,996	30,328
NET ASSETS	1(b)	(31,954)	(22,047)
EQUITY			
Accumulated losses		(63,971)	(54,064)
Contributed equity	16	32,017	32,017
TOTAL EQUITY / (DEFICIENCY OF EQUITY)		(31,954)	(22,047)

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

amaysim Australia Pty Ltd

Consolidated statement of cash flows For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		125,944	73,050
Payments to suppliers and to employees (inclusive of GST)		(118,644)	(71,726)
Borrowing costs		(325)	(42)
Interest received		165	110
Income tax paid		(37)	(40)
Net cash inflow from operating activities	18	<u>7,103</u>	<u>1,352</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(253)	(145)
Payment for intangible assets	9	<u>(4,202)</u>	<u>(1,002)</u>
Net cash outflow from investing activities		<u>(4,455)</u>	<u>(1,147)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of convertible notes	15	3,655	-
Repayment of leases		<u>(226)</u>	<u>(237)</u>
Net cash inflow/(outflow) from investing activities		<u>3,429</u>	<u>(237)</u>
Net increase/(decrease) in cash and cash equivalents held		<u>6,077</u>	<u>(32)</u>
Cash and cash equivalents at beginning of the year		<u>1,326</u>	<u>1,358</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	<u><u>7,403</u></u>	<u><u>1,326</u></u>

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

amaysim Australia Pty Ltd

Consolidated statement of changes in equity For the year ended 30 June 2014

	Contributed Equity \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2012	32,017	(44,571)	(12,554)
Loss for the year	-	(9,493)	(9,493)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(9,493)	(9,493)
Transactions with owners in their capacity as owners:			
Contributions of equity	-	-	-
Balance at 30 June 2013	32,017	(54,064)	(22,047)
Loss for the year	-	(9,907)	(9,907)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(9,907)	(9,907)
Transactions with owners in their capacity as owners:			
Contributions of equity	-	-	-
Balance at 30 June 2014	32,017	(63,971)	(31,954)

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

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

1. Summary of accounting policies

The principal accounting policies applied in the preparation of the financial report are set out below.

(a) Basis of preparation

(i) *Special purpose financial report*

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

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

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the directors to meet the needs of the members. amaysim Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

(ii) *Historical cost convention*

The financial report is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(iii) *New and amended standards adopted by the group*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the group. None of these are expected to have a significant effect on the consolidated financial statements.

(b) Continuation as a going concern

The directors believe that the consolidated entity, consisting of amaysim Australia Pty Ltd and its wholly owned subsidiary amaysim Services Pty Ltd, will be successful in generating both a positive cash flow and profit during 2014/2015 and have therefore prepared the financial report on a going concern basis. Detailed cash flow and profit forecasts for the period to 31 December 2015 have been prepared by the directors. The cash flow and profit forecasts show the continuing viability of the consolidated entity to meet its debts and commitments as and when they fall due and payable.

For the year ending June 30 2014, the consolidated entity has incurred a loss from continuing operations of \$2.4m which is an improvement from prior year's loss of \$9.5m. At the year end there remains a deficiency in working capital of \$30.4m and a total net asset deficiency of \$31.9m. The current liabilities include amounts payable on fixed terms for costs associated with the provision of network services.

During the year, amaysim Australia has maintained and continued to grow on its critical mass of customers that will ensure cash flows from operations will exceed cash outgoings on a sustainable basis. Positive EBITDA from operations has been achieved since December 2013 resulting in the generation of an overall operating cash inflow of \$7.1m in the 12 months to 30 June 2014.

The directors have prepared detailed cash flow and profit forecasts for the period to 31 December 2015. The detailed forecasts are based on the following key assumptions:

- Customer base growth of 32% for the 12 months to June 2015 which is lower than the 55% actual growth in customer base for the 12 months to June 2014. The directors are of the view that the growth forecast is supported by current opportunities within the Australian market and this is supported by year on year growth since inception of the company.
- Improving brand awareness and customer acquisition efficiency by maintaining overall marketing investment at 7% of Service Revenue in FY2015.
- The repayment in due course of the current liabilities, which will be replaced by new generated debts of the same nature, based on business growth.
- The majority of current liabilities will continue to comprise of mainly the costs associated with the ongoing operation of the network which are repayable on fixed terms over the next 12 months.

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

1. Summary of accounting policies (continued)

(b) Continuation as a going concern (continued)

The forecasts show that the consolidated entity will generate positive cash flows from operations of \$15.3m and \$47.6m profit for the 18 month period to 31 December 2015 which will enable its obligations to be met. Results from 1 July 2014 to 30 Sept 2014 are ahead of or in line with the forecast prepared by the directors.

The continuing viability of consolidated entity and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the consolidated entity being successful in achieving the cash flow and profit forecasts, by maintaining the existing customer base and acquiring new customers, which, combined with amaysim's subscription business model, will generate positive cash flows and profit.

The directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2014. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concern.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of amaysim Australia Pty Ltd ("parent entity") as at 30 June 2014 and the results of all subsidiaries for the year ended on that date. The parent and its subsidiaries are referred to in the financial report as the consolidated entity of the Group.

Subsidiaries are all those entities (including special purpose entities) over which the parent entity has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the parent entity. Subsidiaries are fully consolidated from the date on which control is transferred.

All transactions and balances between the parent entity and subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(d) Significant accounting judgements, estimates and assumptions

The Group may make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Assumptions made at each balance date are based on best estimates at that date. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events.

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has determined that judgements, apart from those involving estimations, do not have significant effects on the amounts recognised in the financial statements.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Management has determined there are no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next annual reporting year.

(e) Revenue and receivables

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Service revenue

Service revenues are recognised based on customer usage. When a customer uses the amaysim sim card to make voice, sms and/or other services this will trigger revenue being recognised for customers on the As You Go product. Revenue from the Unlimited plan and data bolt-on are recognised on a straight line basis over the period after the plan is bought. Revenue from the Flexi plan is recognised based on customer usage and expiry of Flexi credits.

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

1. Summary of accounting policies (continued)

(e) Revenue and receivables (continued)

(ii) Interest revenue

Interest revenues are recognised when interest becomes receivable. All interest revenue within the financial statements are from cash held at bank and term deposits.

(f) Expenses

All expenses including rates and taxes, and other outgoings are recognised in the Consolidated statement of comprehensive income on an accruals basis.

(g) Property plant and equipment

All property, 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 year in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter of lease terms or as follows:

- Leasehold improvements	5 years
- Office equipment	4 years
- EDP equipment	3 years
- Telecommunication equipment	3-4 years
- Furniture, fittings and equipment	2 years
- Leased plant and equipment	4 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(h) Intangible assets - acquired software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to financial benefits in future years through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over years generally ranging from 2.5 to 3 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

(i) Leases - operating and finance leases

Amaysim has two types of leases as follows:

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

1. Summary of accounting policies (continued)

(i) Leases - operating and finance leases (continued)

(i) Operating leases (continued)

The operating leases consist of the building leases for the 3 levels amaysim currently holds with Bridgelane Holdings. The lease is recognised as an expense in year the rent relates to. Currently the Lease for 2 of the levels are for 5 years ending 30 September 2015 with the remaining level extended on the 1st April 2013 to coincide with the 30 September 2015 expiry.

In accordance with their lease agreements with the lessor, the group must make good the leased premises before 30 September 2015.

Because of the long-term nature of the liability, the significant uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been estimated based on cost per square metre and number of square metres occupied.

(ii) Finance leases

The finance leases consist of the motor vehicles acquired for the founders of amaysim. The lease is capitalised as an asset under 'Leased assets - MV'. The value of the asset is depreciated over the 4 year useful life of the lease.

During the course of period ended 30 June 2014, 1 of the motor vehicles was disposed. The disposal value was \$54,545 and a carrying value of \$26,143.

(j) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the Current Provisions. All other short-term employee benefit obligations are presented as payables.

(ii) Retirement benefit obligations

All employees of amaysim are entitled to benefits of the 9.25% statutory superannuation guarantee. This increases to 9.50% from 1 July 2014. All entitlements are settled monthly with the employees nominated superannuation fund. Contributions to the superannuation funds are recognised as an expense as they become payable.

(k) Leasing incentives

Leasing incentives, are capitalised upon receipt and recognised in the Statement of comprehensive income over the life of the lease.

(l) Loss from discontinued operations

A discontinued operation is a component of amaysim that has ceased operations in the current financial period, represents a separate major geographical area of operations, is a subsidiary developed exclusively with a view to expand amaysim into international markets namely the United States of America. The results of discontinued operations are presented separately in the Statement of comprehensive income.

(m) Cash and cash equivalents

For the purposes of the Consolidated statement of cash flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Directors' option and which the Group uses in its day to day management of the Group's cash requirements.

(n) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. Payables are measured at their fair value. Amounts are generally paid within 30 days of being recorded as payables.

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

1. Summary of accounting policies (continued)

(n) Payables (continued)

(i) *Optus activation fee liability*

Activation fees are recognised on terms in accordance with the Optus agreements and are due one month and 21 days after each month. The receipt of activation fees is recognised as a liability in the month the fee becomes receivable. This liability then reduces as access fees become payable to Optus over the lesser of 24 months from customer start date or on customer disconnection.

(o) Contributed equity

Ordinary shares are classified as equity.

(p) Taxation

Under current legislation, the Group is not liable to pay income tax since, the group has a reportable taxable loss for the current financial year. No deferred tax asset on tax losses and temporary differences will be recognised until it is probable reportable gains will arise in future years.

(q) Dividends

The directors have not recommended any payment of dividends for the current financial year.

(r) Goods and services tax

All revenues, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the particular expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Consolidated balance sheet.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting years. The group's assessment of the impact of these new standards is that they either do not apply to the Group or if they do apply will not materially impact the financial reports.

(t) Parent entity financial information

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

(i) *Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of amaysim Australia Pty Ltd.

(ii) *Tax consolidation legislation*

amaysim Australia Pty Ltd and its wholly-owned Australian controlled entities implemented the tax consolidation legislation on the 7th of August 2013. During period ended 30 June 2014 the entities were part of a tax consolidated group.

(iii) *Financial guarantees*

The parent entity has not provided any financial guarantees in relation to loans and payables of its subsidiaries

(u) Rounding

Where indicated, the amounts in the financial report have been rounded to the nearest thousand dollars, under the option available to the Group under ASIC Class Order 98/100.

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

	amaysim Group	
	Year ended 30 June	
	2014	2013
	\$'000	\$'000
2. Revenue		
From continuing operations		
<i>Service revenue</i>		
Service revenue	123,746	70,373
	123,746	70,373
<i>Other revenue</i>		
Other service revenue	4,149	2,981
Interest income	165	110
	4,314	3,091
Total Revenue	128,060	73,464
3. Loss from ordinary activities		
Loss before income tax includes the following specific expenses:		
<i>Network related expenses</i>	100,280	57,619
<i>Depreciation (by category)</i>		
Leasehold improvement	281	281
Office equipment	7	6
EDP equipment	156	191
Telecommunication equipment	52	25
Furniture & fittings	11	2
Leased assets - MV	100	123
	607	628
<i>Amortisation (by category)</i>		
Acquired software	986	879
	986	879
<i>Finance costs</i>		
Interest charges	325	42
<i>Operating lease expense</i>		
Lease - office complex	926	891
Lease - office equipment	26	19
	952	910
<i>Defined contribution superannuation expense</i>	877	673
<i>Bad debts written off</i>	409	151

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

amaysim Group
Year ended 30 June
2014 2013
\$'000 \$'000

4. Loss from discontinued operations

In August 2013 amaysim Australia incorporated amaysim USA Inc, a wholly owned subsidiary, with the intention of launching a mobile virtual network operation (MVNO) in the United States of America. In May 2014 the board decided to discontinue the operations of amaysim USA Inc. Therefore, the subsidiary is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Revenue	-	-
Operating expenses	(5,318)	-
Asset impairment	(2,178)	-
Profit before income tax	(7,496)	-
Income tax expense	-	-
(Loss) from discontinued operation	(7,496)	-

The carrying amounts of assets and liabilities prior to recognition of discontinued operations:

Intangible assets	2,178	-
Total assets	2,178	-
Total liabilities	-	-
Net assets	2,178	-

Intangible assets listed above was for work completed on software systems at amaysim USA Inc up until May 2014 when the board determined to discontinue the operations. As a result the entire value of work completed was deemed to have a \$nil valuation. This value was written-down under asset impairments and included as part of the loss from discontinued operations.

5. Cash and cash equivalents

Cash and cash equivalents		
Cash and cash equivalents	7,403	1,326
Total cash and cash equivalents	7,403	1,326

6. Trade and other receivables

Trade and other receivables		
Trade debtor	2,176	1,146
Other receivables	3,421	2,346
Provision for doubtful debts	(107)	(109)
Total Trade and other receivables	5,490	3,383

7. Other current assets

Other current assets		
Prepayments	843	179
Total other current assets	843	179

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

8. Property, plant and equipment

	Leasehold improvement \$'000	Office equipment \$'000	EDP equipment \$'000	Telecommuni- cation equipment \$'000	Furniture & fittings \$'000	Leased assets - MV \$'000	Total \$'000
Year ended 30 June 2013							
Opening net book amount	983	17	321	77	5	325	1,728
Additions	-	10	88	21	26	-	145
Disposals	-	-	-	-	-	(44)	(44)
Depreciation charge	(281)	(6)	(191)	(25)	(2)	(123)	(628)
Closing net book amount	702	21	218	73	29	158	1,201
Year ended 30 June 2014							
Opening net book amount	702	21	218	73	29	158	1,201
Additions	-	21	151	25	56	-	253
Disposals	-	-	-	-	-	(25)	(25)
Depreciation charge	(281)	(7)	(156)	(52)	(11)	(100)	(607)
Closing net book amount	421	35	213	46	74	33	822

9. Intangible assets

	Acquired software \$'000	Total \$'000
Year ended 30 June 2013		
Opening net book amount	950	950
Additions	1,002	1,002
Disposals	-	-
Amortisation charge	(879)	(879)
Closing net book amount	1,073	1,073
Year ended 30 June 2014		
Opening net book amount	1,073	1,073
Additions	4,202	4,202
Disposals	(2,178)	(2,178)
Amortisation charge	(986)	(986)
Closing net book amount	2,111	2,111

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

amaysim Group
Year ended 30 June
2014 2013
\$'000 \$'000

10. Other non-current assets

Other non-current assets

Secured deposits

Total other non-current assets

1,374	1,119
1,374	1,119

11. Trade and other payables

Trade and other payables

Trade creditors

Optus activation fee liability

Prepaid recharges - deferred revenue

Other creditors

Total trade and other creditors

10,574	7,686
9,638	7,548
3,240	3,222
17,740	7,880
41,192	26,336

Trade and other payable are mostly structured terms, and are not due as at 30 June 2014.

Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade payables and other creditors are non-interest bearing.

12. Provisions

Current provisions

Provision for employee entitlements

Total current provisions

426	300
426	300

Non current provisions

Provision for make good

Total non current provisions

245	188
245	188

13. Lease liabilities

Current lease liabilities

Lease liabilities - MV

Lease liabilities - MV interest

Lease liabilities - incentives

Total current lease liabilities

176	89
(5)	(21)
106	106
277	174

Non current lease liabilities

Lease liabilities - MV

Lease liabilities - MV interest

Lease liabilities - incentives

Total non current lease liabilities

-	230
-	(7)
35	141
35	364

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

	amaysim Group	
	Year ended 30 June	
	2014	2013
	\$'000	\$'000
14. Non-current other payables		
Non-current other payables		
Optus activation fee liability	4,166	2,966
Total	4,166	2,966

Terms and conditions

Terms and conditions relating to the above liability:

- (i) other payables are non-interest bearing and are repayable in greater than 12 months.

15. Borrowings

	Current	2014 Non-current	Total	Current	2013 Non-current	Total
	\$	\$	\$	\$	\$	\$
<i>Secured</i>						
Loans	-	-	-	-	-	-
Total secured borrowings	-	-	-	-	-	-
<i>Unsecured</i>						
Convertible notes	2,193	1,462	3,655	-	-	-
Total secured borrowings	2,193	1,462	3,655	-	-	-
Total borrowings	2,193	1,462	3,655	-	-	-

Convertible notes

The parent entity issued 30,063 12% convertible notes for \$US3,006,300 (\$AU3,354,741) on 30 August 2013. The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable of 5 instalments over the dates as follows:

- 31st of August, 2014
- 30th of November, 2014
- 31st of May, 2015
- 30th of November, 2015
- 28th of February, 2016

The convertible notes are presented in the balance sheet as a liability as detailed below and interest is accrued on the outstanding amount. Upon conversion by the holder the convertible notes will be classified to equity.

	2014	2013
	\$	\$
Face value of notes issued	3,355	-
	3,355	-
Interest expense	300	-
Interest paid	-	-
Total convertible notes	3,655	-

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

amaysim Group
Year ended 30 June
2014 2013
\$'000 \$'000

16. Contributions of equity

Contributions of equity		
Opening contributions of equity	32,017	32,017
Contributions of equity	-	-
Total contributions of equity	32,017	32,017

(a) Ordinary shares

All contributions of equity in amaysim Australia Pty Ltd is in the form of ordinary shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the group in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and all shares in amaysim Australia are fully paid.

Upon a poll each ordinary share is entitled to one vote. At 30 June 2014 there were 1,115,915 ordinary shares issued.

17. Contingent liabilities

The directors are of the opinion that provisions are not required in respect of any contingent matters, as for any of these matters it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

18. Statement of cash flow

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and cash on deposit.

Cash and cash equivalents	7,403	1,326
	7,403	1,326

(b) Reconciliation of operating loss after tax to the net cash flows from operations

Net loss	(9,907)	(9,493)
Adjustments for:		
Depreciation and amortisation	1,593	1,507
Net loss/(profit) on sale non-current assets	25	44
Asset impairment	2,178	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other debtors	(2,107)	(414)
(Increase)/decrease in future income tax benefit	-	-
(Increase)/decrease in prepayments	(664)	59
(Increase)/decrease in other assets	(254)	289
Increase/(decrease) in trade creditors	14,856	8,721
Increase/(decrease) in other payables	1,200	506
Increase/(decrease) in other provisions	183	133
Net cash from operating activities	7,103	1,352

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

amaysim Group
Year ended 30 June
2014 2013
\$'000 \$'000

19. Commitments

(a) Lease commitments: group as lessee

(i) Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	1,075	1,040
Later than one year but not later than five years	397	1,472
Later than five years	-	-
Minimum lease payments	<u>1,472</u>	<u>2,512</u>

(ii) Finance leases

The group leases 3 motor vehicles with a carrying amount of \$33,558 under finance leases expiring within 4 years. At the conclusion of the lease terms the group has the option to acquire the leased assets for \$155,293. A fourth vehicle was sold in December 2013 and the lease liability settled.

Commitments in relation to finance leases are payable as follows:

Within one year	176	89
Later than one year but not later than five years	-	230
Minimum lease payments	<u>176</u>	<u>319</u>
Future finance charges	<u>(5)</u>	<u>(28)</u>
Recognised as a liability	<u>171</u>	<u>291</u>

20. Parent entity financial information

(a) Summary financial information

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

Balance sheet		
Current assets	19,986	3,814
Total assets	24,688	7,595
Current liabilities	43,278	26,124
Total liabilities	49,186	29,642
<i>Shareholders' equity</i>		
Issued capital	32,017	32,017
Accumulated losses	<u>(56,515)</u>	<u>(54,064)</u>
	<u>(24,498)</u>	<u>(22,047)</u>
Profit / (Loss) for the year	<u>(2,451)</u>	<u>(9,493)</u>
Total comprehensive income	<u>(2,451)</u>	<u>(9,493)</u>

amaysim Australia Pty Ltd

Notes to the financial statements For the year ended 30 June 2014

	2014 \$	2013 \$
21. Remuneration of auditors		
Remuneration for audit of the financial report of the group:		
Audit services		
Auditors of the group		
PricewaterhouseCoopers		
- audit of financial reports	105,000	75,000

22. Subsequent event note

On 11 July 2014 amaysim Australia Pty Ltd entered into an agreement with Shark Holding GmbH to purchase 100% of the equity in Eastpoint Pty Ltd. Eastpoint Pty Ltd is the entity which owns the world wide trademark of amaysim. The purchase price for Eastpoint was \$AU5,050,00 payable in instalments at: 11 July 2014; 1 October 2014; 1 January 2015; and, 1 April 2015.

In August 2013, amaysim Australia raised \$US3,006,300 in convertible notes. The purpose of these notes was to conduct market feasibility studies, formation and advisory costs for the establishment of amaysim USA Inc. Consistent with the conditions of the notes, as the USA operations did not proceed, the notes are redeemed for the principle investment plus 12% interest. Note holders have the option to receive the redemption in cash or converted to equity in amaysim Australia Pty Ltd. 87% of all convertible notes were converted to equity in August 2014. This resulted in the issuance of an additional 30,453 ordinary shares.

Other than the above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of its operations or its state of affairs, which is not already reflected in this report.

As stated in Note 1(a) to the consolidated financial statements, in the directors' opinion, the group is not a reporting entity because there are no users dependent on general purpose financial reports.

amaysim Australia Pty Ltd

Directors declaration

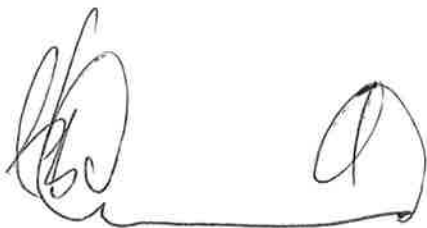
This is a special purpose financial report that has been prepared to meet Corporations Act 2001 requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

In the directors' opinion:

1. The consolidated financial statements and notes, set out on pages 7 to 24 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter O'Connell
Chairman and Director
Dated 23 October 2014, Sydney



Rolf Hansen
Chief Executive Officer and Director
Dated 23 October 2014, Sydney



Independent auditor's report to the members of amaysim Australia Pty Limited

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of amaysim Australia Pty Limited (the company), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for amaysim Australia Pty Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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 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 consolidated entity's preparation and fair presentation of the financial report 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 entity'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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion, the financial report of amaysim Australia Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1, to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of amaysim Australia Pty Limited.

The PricewaterhouseCoopers logo, which includes the text "PricewaterhouseCoopers" in a serif font, with a large, stylized signature of "PricewaterhouseCoopers" written over it. Below the logo is a handwritten signature in black ink.

Sumanth Prakash
Partner

Sydney
23 October 2014