

24 February 2017

The Manager, Listings  
Australian Securities Exchange  
ASX Market Announcements  
Level 14, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

**Results for announcement to the market – half year ended 31 December 2016**

The following are attached:

1. Half Year Report (ASX Appendix 4D) in accordance with ASX Listing Rules; and
2. Interim Report for the half-year ended 31 December 2016.

Yours faithfully



**Alexander Feldman**  
amaysim | General Counsel and Company Secretary



amaysim Australia Limited  
and its controlled entities  
(ABN: 65 143 613 478)

## Appendix 4D (rule 4.2A.3)

Preliminary final report for the half year ended 31 December 2016. This Appendix 4D should be read in conjunction with our Interim Report for the same period.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

*(All comparisons to year ended 31 December 2015)*

	\$'000	Up/down	Movement %
Revenues from ordinary activities	136,646	up	16.5%
Profit after tax from ordinary activities	8,314	up	1121%
Net profit attributable to members	8,314	up	1121%
Underlying profit after tax (excluding significant items)	8,345	up	10% <sup>1</sup>

### COMMENTS

1: Underlying profit after tax has been calculated from statutory data after excluding the impact of IPO expenses, acquisition related expenses including integration and transaction expenses, non core income and expenses, and related income tax adjustment where applicable.

### DIVIDEND INFORMATION

	Amount per share (cents)	Franking Status
Interim 2016 dividend per share (paid in April 2016)	3.00	Unfranked
Final 2016 dividend per share (paid in October 2016)	5.30	Unfranked
Interim 2017 dividend per share (to be paid in April 2017)	4.00	Unfranked

### Interim dividend dates

Ex-dividend date	20 March 2017
Record date	21 March 2017
Payment date	11 April 2017

### NET INTANGLE ASSETS

	31 Dec 2016	31 Dec 2015
Net tangible assets per security	(\$0.25)	(\$0.05)

Additional Appendix 4D disclosure requirements can be found in the director's report and the 31 December 2016 Interim financial statements and accompanying notes (as set out in the Interim Report).

This Appendix 4D report is based on the consolidated financial statements which have been reviewed by PricewaterhouseCoopers.



**amaysim**

**amaysim Australia Limited**

ABN 65 143 613 478

**Interim report  
for the half-year ended  
31 December 2016**

amaysim Australia Limited  
Interim report  
For the half-year ended 31 December 2016

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

amaysim Australia Limited  
Level 6  
17-19 Bridge Street  
Sydney NSW 2000

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website:  
[www.amaysim.com.au](http://www.amaysim.com.au)

amaysim Australia Limited  
Directors' report (continued)  
For the half-year ended 31 December 2016

The Directors present their report, together with the financial statements of amaysim Australia Limited (amaysim or the Company) and its subsidiaries (together referred to as the group) for the half-year ended 31 December 2016. The financial statements have been reviewed and approved by the directors.

### Directors

The directors of the group during the period and up to the date of this report are shown below. The directors were in office for the entire period:

Andrew Reitzer	Independent Non-Executive Chairman
Julian Ogrin	Chief Executive Officer and Managing Director
Rolf Hansen	Non-Executive Director
Thorsten Kraemer	Independent Non-Executive Director
Maria Martin	Independent Non-Executive Director
Peter O'Connell	Non-Executive Director
Jodie Sangster	Independent Non-Executive Director

The company secretary of the group is Alexander Feldman.

### Dividends

Consistent with the dividend policy included in the Prospectus, the directors declared an interim dividend of 4.0 cents per share on 24 February 2017 unfranked. The record date is 21 March 2017 with payment on 11 April 2017.

The following table includes information relating to dividends paid or declared in respect of 1H17:

Type	Cents per share	Total amount \$'000	Date of payment
In respect of the current financial period			
Interim dividend declared	4.0	7,427	11 April 2017
Dividends paid during the period	5.3	9,724	7 October 2016

In line with the Dividend Policy, it is the intention of the board to continue to target a dividend payout ratio of between 60%-80% of amaysim's underlying NPATA (net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles, any acquisition related expenses including integration and transaction expenses, non core income and expenses) subject to available profits and the financial position of the business. The payment of a dividend is at the discretion of the directors and will be a function of a number of factors including the general business environment, the operating results and financial condition of amaysim, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by amaysim, and any other factors the directors consider relevant.

### Review of operations

#### Strategy

amaysim is Australia's fourth largest mobile service provider. Like many other leading global technology disruptors, amaysim delivers a truly customer-centric online experience underpinned by technology.

amaysim's strategy consists of four elements:

- Continue to develop and leverage its technology platforms to drive organic and profitable subscriber growth, remain asset light and increase efficiency;
- Increase subscribers by improving subscriber satisfaction and reducing churn by providing an exceptional and award-winning customer experience;
- Grow customer share of wallet via expansion of offerings; and
- Evaluate M&A opportunities which may arise in the market, focusing on strategic alignment and shareholder value.

### Review of operations (continued)

The amaysim Group's strategy is supported by its sustainable pillars for growth and expansion that include:

- The Company's asset-light, technology-led business model that allows it to remain lean and react quickly to market dynamics;
- An established subscriber base and recurring subscription revenue model;
- An award-winning subscriber experience driven by technology;
- A powerful dual-brand strategy to appeal to a broader share of the mobile services market; and
- Its Network Service Agreement (NSA) with Optus.

### Progress

In the space of six years amaysim has gone from a bold start-up, applying disruptor thinking to the telecommunications industry, to Australia's leading online-driven challenger to the incumbent telecommunications providers.

The amaysim Group grew its mobile subscriber base by 59,000 net subscribers in the first half of 2017 to close at approximately 1,025,000 as of 31 December 2016, reinforcing it as a major participant in the mobile services industry. Solid growth in subscribers was driven through a combination of smart, data-driven marketing, an ongoing focus on customer experience and strong customer satisfaction. In July 2016, amaysim was awarded the Canstar Blue Customer Satisfaction Award in the Mobile Phone Plans – SIM Only category for its UNLIMITED one-decision mobile plan range. amaysim also recorded the lowest level of industry complaints when compared with other mobile service providers, with approximately 1.0 complaints per 10,000 subscribers<sup>1</sup>. This, combined with 91% of its subscribers saying they would recommend the brand to their family and friends<sup>2</sup>, contributed to the continued improvement in customer churn of 2.0% in 1H17.

With nearly 90% of Australians aged 16 and over owning a smart device<sup>3</sup> and 65% of people switching providers choosing no lock-in contract plans<sup>4</sup>, the BYO handset mobile category continues to show its strength.

Driving efficiencies through multiple levers, including via its online-driven business model and support centres, was a key focus for the Company in 1H17. Customers were increasingly engaged and serviced through amaysim's self-service app and website to create a truly do-it-yourself experience. In November 2016, amaysim won the inaugural finder.com.au Best Telco Customer Service Innovation Award for its industry-leading online Help section. Since launching amaysim's new Help section (in September 2016) only nine per cent of customers called amaysim after using online and mobile support means. This is a drop of thirty percent compared to contact levels prior to the new Help section being launched.

The Vaya acquisition has given the amaysim Group a strong dual brand strategy and broader relevance across a wider audience, including in the sub-\$30 market. It also gave the Company ownership of Vaya's Philippines operations centre and allowed it to continue to grow its customer service and technology development capabilities.

Expanding further into Australian households is a key element in amaysim's strategy and the recent move into broadband provides amaysim with the opportunity to capture a greater share of household wallet. In July 2016, amaysim announced the acquisition of Australian Broadband Services Pty Ltd (AusBBS), which provided the Company with a proven proprietary platform purpose built for broadband. The acquisition of AusBBS allowed it to accelerate its launch into the fixed broadband market to coincide with the exponential growth of the National Broadband Network (NBN) and other fibre networks in Australia. Key aspects of the AusBBS integration into the amaysim Group have been completed.

Following the launch of an amaysim broadband offering in the second half of the 2017 financial year, amaysim will focus on growing its broadband business by initially targeting over 600,000 households it currently provides mobile services to and the Company will differentiate its product offering by combining value for money and no lock-in contracts with an amazingly simple experience.

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<sup>1</sup> Telecommunications Complaints in Context, October – December 2016, when compared with carriers, including Telstra, Optus, Vodafone, Pivotal and Other participants. Applies only to amaysim brand

<sup>2</sup> NPS tracking survey of 2703 customers, November 2016

<sup>3</sup> Telsyte Australian Digital Consumer Study 2017; nearly 90% of 19.7 million Australians aged 16 years and over

<sup>4</sup> Telsyte Australian Mobile Services Market Study 2016

**Review of operations (continued)**

**Analysis of results**

The statutory profit after tax for the group amounted to \$8,314k (31 December 2015: \$681k).

The underlying business growth remains strong, with the statutory profit after tax impacted by costs associated with the acquisition costs for Australian Broadband Services Pty Ltd (AUSBBS) completed on 23 August 2016. Refer to additional financial performance information and Reconciliation of underlying results to statutory results below for an analysis of underlying earnings.

A summary of the statutory financial and operating results for the Group for 31 December 2016 are detailed below:

<i>\$'000 (unless stated)</i>		1H17	1H16	Growth %
Net revenue	(i)	136,646	117,287	16.5
Gross profit		40,490	35,634	13.6
Gross profit margin %		29.6%	30.4%	(2.5)
Net profit after tax (NPAT)	(ii)	8,314	681	1120.9
Cash & security deposits		24,830	23,944	3.7
ARPU \$ (Group Mobile)		\$22.37	\$26.34	(15.1)
Closing subscribers ('000) (Group Mobile)		1,025	764	34.2

**Net revenue** is total service revenue and other revenue.

**Gross profit** is total net revenue less network related expenses.

**NPAT** is net profit/(loss) after tax from continuing operations.

**ARPU** is calculated as statutory net revenue for Group Mobile for the financial half year divided by average subscribers for the period and expressed on a monthly basis.

- (i) Net revenue for the period of \$136,646k grew 16.5% compared to the prior period. Predominantly reflecting growth in subscriber base and the full impact of Vaya's revenue in 1H17.
- (ii) NPAT increased by \$7,633k compared to the prior period. The significant increase related to the one off IPO expenses and acquisition expenses in the prior period. Refer to Reconciliation of underlying results to statutory results on p.7.

amaysim's operating expenses (excluding expenses related to network, finance, IPO and depreciation) increased by \$518k in the 6 months to 31 December 2016, mainly from the following items:

- Reduction in marketing expenses of \$2,058k due to a decrease in marketing campaigns;
- Employee benefit expenses increased \$1,811k in line with business acquisitions, investment in broadband and integration costs of acquisitions;
- Acquisition costs reduced \$858k;
- Other expenses increased \$1,623k in line with business acquisitions.

amaysim's depreciation and amortisation expenses increased \$1,974k due to increased amortisation expenses on the Vaya customer list, brand and capitalised software development which is due to the full 6 months impact of Vaya in 1HY17.

**Review of operations (continued)**

**Additional financial performance information**

Given the change in structure and non core transactions included in the current period and prior period statutory results, the directors are of the opinion that underlying financial information provides useful information about the financial performance of the group. This information should be considered as supplements to the consolidated statement of comprehensive income that has been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have the same definitions, and the way amaysim has calculated these measures may differ from similarly titled measures used by other companies. Readers should not place undue reliance on these non-IFRS financial measures.

December Half Year Ended		1H17	1H16	Growth
A\$'000		Underlying	Underlying	%
EBITDA	(i)	17,319	12,583	37.6%
NPATA	(ii)	10,323	7,960	29.7%
Underlying EPS (cents per share)	(iii)	4.6	4.6	-

**EBITDA** is the profit/loss before income tax excluding interest income, depreciation and amortisation expense.

**NPATA** is NPAT adding back amortisation of brand name.

**Underlying EPS** is calculated as underlying NPAT divided by weighted average number of shares on issue.

- (i) Underlying EBITDA growth of 37.6% driven by net revenue growth of 16.5% and increasing operational leverage.
- (ii) Underlying NPATA growth of 29.7% driven by growth in underlying EBITDA adjusted for income tax adjustment and amortisation of brand name (refer to Reconciliation of underlying results to statutory results below).
- (iii) Underlying EPS of 4.6 remains stable despite new shares being issued during the half year.

**Reconciliation of underlying results to statutory results**

The table below reconciles the statutory financial information to underlying financial information.

Half Year Ended 31 December 2016		EBITDA	NPAT	NPATA
A\$'000				
<b>Statutory results</b>		<b>17,272</b>	<b>8,314</b>	<b>10,292</b>
Add back/(deduct):				
Acquisition related expenses	(i)	842	842	842
Non core expenses		792	792	792
Integration expenses – AusBBS		464	464	464
Non core income – Airtasker share sale	(ii)	(2,051)	(2,051)	(2,051)
Income tax adjustment	(iii)		(16)	(16)
<b>Underlying results</b>		<b>17,319</b>	<b>8,345</b>	<b>10,323</b>

- (i) Acquisition expenses relate to transaction expenses incurred in the process of acquiring Australian Broadband Services Pty Limited;
- (ii) During the period shares held in Airtasker were sold;
- (iii) Income tax adjustment is the tax impact of the underlying NPAT adjustments calculated using the estimated average annual tax rate of 33.5%, which is mainly driven by the non-deductible acquisition expenses;

**Review of operations (continued)**

**Review of financial position**

As a result of the group's strong financial performance and capital raising during the IPO, the group has net assets of \$34,664k as at 31 December 2016 (30 June 2016: net assets of \$32,311k).

As at 31 December 2016, the group has net assets of \$34,664k (30 June 2016 \$32,311k) but current liabilities exceed current assets by \$59,255k (30 June 2016: \$46,319k). Despite these historical working capital deficits, the company continues to operate successfully and generate strongly positive operating cash inflows. This is because of a positive trading cash flow cycle where inflows from customer payments are received faster than the company is required to pay major creditors which are on fixed payment terms, and certain liabilities which, in practice, can be deferred beyond the short term. Refer to note 1 (a) (i) for further discussion with respect to the net working capital deficit and the financial statements being prepared on a going concern basis.

**Significant changes in the state of affairs**

During the financial period the following significant changes in the state of affairs occurred:

**Acquisition of Australian Broadband Services Pty Limited**

On 23 August 2016 amaysim Australia Limited acquired 100% of the equity of Australian Broadband Services Pty Limited. Further details of the acquisition are set out in note 9 to the consolidated financial statements.

**Employee share rights plan**

On 25 August 2016, 16,403 employee share rights converted to 2,378,485 ordinary shares in amaysim Australia Limited at a price of \$2.06 each.

**Auditor's independence declaration**

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

**Rounding of amounts**

The amounts contained in this report and in the financial report have been rounded under the option available to the group under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. 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, or in certain cases, to the nearest dollar in accordance with that Class Order.

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



Andrew Reitzer  
Director  
Sydney



Julian Ogrin  
Director

Sydney  
24 February 2017



## Auditor's Independence Declaration

As lead auditor for the review of amaysim Australia Limited for the half-year ended 31 December 2016, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

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

S Prakash  
Partner  
PricewaterhouseCoopers

Sydney  
24 February 2017

amaysim Australia Limited  
Consolidated statement of comprehensive income  
For the half-year ended 31 December 2016

	Notes	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<b>REVENUE AND OTHER INCOME</b>			
Service revenue		134,241	112,026
Other revenue		2,405	5,261
Other income		2,051	-
Interest income		224	216
<b>Total revenue and other income</b>		<b>138,921</b>	<b>117,503</b>
<b>EXPENSES</b>			
Network related expenses		(96,156)	(81,653)
Employee expenses		(11,773)	(9,962)
Marketing expenses		(4,384)	(6,442)
Depreciation and amortisation expenses		(3,788)	(1,814)
Finance expenses		(1,207)	-
IPO expenses		-	(8,279)
Acquisition expenses		(842)	(1,700)
Other expenses		(8,270)	(6,647)
<b>Total expenses</b>		<b>(126,420)</b>	<b>(116,497)</b>
<b>Profit before income tax</b>		<b>12,501</b>	<b>1,006</b>
Income tax expense	4	(4,187)	(325)
<b>Profit after tax</b>		<b>8,314</b>	<b>681</b>
<b>Profit attributable to members of amaysim Australia Ltd</b>		<b>8,314</b>	<b>681</b>
Other comprehensive income for the half-year net of tax		-	-
<b>Total comprehensive income for the half-year attributable to members of amaysim Australia Ltd</b>		<b>8,314</b>	<b>681</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>			
Basic earnings per share		4.6	0.4
Diluted earnings per share		4.3	0.4

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

amaysim Australia Limited  
Consolidated balance sheet  
As at 31 December 2016

	Notes	31 Dec 2016 \$'000	30 Jun 2016 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		9,073	13,388
Trade and other receivables		9,306	9,080
Other current assets		1,095	1,036
<b>Total current assets</b>		<b>19,474</b>	<b>23,504</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,802	1,018
Intangible assets		80,755	76,711
Deferred tax assets		-	1,399
Other non-current assets		15,757	13,903
<b>Total non-current assets</b>		<b>99,314</b>	<b>93,031</b>
<b>TOTAL ASSETS</b>		<b>118,788</b>	<b>116,535</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	64,014	55,752
Customer deposits		3,051	3,324
Deferred revenue		7,803	7,449
Provisions		1,202	2,591
Current tax liabilities		2,659	707
<b>Total current liabilities</b>		<b>78,729</b>	<b>69,823</b>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities		3,899	13,642
Deferred tax liabilities		797	-
Provisions		699	759
<b>Total non-current liabilities</b>		<b>5,395</b>	<b>14,401</b>
<b>TOTAL LIABILITIES</b>		<b>84,124</b>	<b>84,224</b>
<b>NET ASSETS</b>		<b>34,664</b>	<b>32,311</b>
<b>EQUITY</b>			
Contributed equity	8	65,846	62,538
Equity compensation reserve		3,235	2,780
Retained profits		29,554	30,964
Accumulated losses (prior years)		(63,971)	(63,971)
<b>TOTAL EQUITY</b>		<b>34,664</b>	<b>32,311</b>

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

amaysim Australia Limited  
 Consolidated statement of changes in equity  
 For the half-year ended 31 December 2016

	Contributed equity \$'000	Attributable to owners of amaysim Australia Limited Equity compensati on reserve \$'000	Retained earnings / (Accumulated losses) \$'000	Total \$'000
<b>Balance at 1 July 2015</b>	35,521	1,829	(39,962)	(2,612)
Profit for the period	-	-	681	681
<b>Total comprehensive income for the period</b>	-	-	<b>681</b>	<b>681</b>
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	12,561	-	-	12,561
Share based payments	-	497	-	497
	12,561	497	-	13,058
<b>Balance at 31 December 2015</b>	<b>48,082</b>	<b>2,326</b>	<b>(39,281)</b>	<b>11,127</b>
<b>Balance at 1 July 2016</b>	62,538	2,780	(33,007)	32,311
Profit for the period	-	-	8,314	8,314
<b>Total comprehensive income for the period</b>	-	-	<b>8,314</b>	<b>8,314</b>
Transactions with owners in their capacity as owners:				
Issue of ordinary shares as consideration for a business combination	3,308	-	-	3,308
Dividends paid	-	-	(9,724)	(9,724)
Share based payments	-	455	-	455
	3,308	455	(9,724)	(5,961)
<b>Balance at 31 December 2016</b>	<b>65,846</b>	<b>3,235</b>	<b>(34,417)</b>	<b>34,664</b>

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

amaysim Australia Limited  
 Consolidated statement of cash flows  
 For the half-year ended 31 December 2016

	<b>31 Dec 2016 \$'000</b>	31 Dec 2015 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (incl. of GST)	<b>150,579</b>	127,097
Payments to suppliers and employees (incl. of GST)	<b>(129,376)</b>	(126,621)
Repayment of Optus liability acquired on Vaya acquisition	<b>(10,174)</b>	-
Interest received	<b>228</b>	216
Income taxes paid	<b>(38)</b>	(5)
<b>Net cash inflows from operating activities</b>	<b>11,219</b>	<b>687</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of subsidiary net of cash acquired	<b>(984)</b>	(123)
Proceeds on disposal of Airtasker shares	<b>2,051</b>	-
Payments for property, plant and equipment	<b>(2,108)</b>	(188)
Payments for intangible assets	<b>(2,914)</b>	(1,557)
Increase in security deposits and bank guarantees	<b>(1,855)</b>	-
<b>Net cash outflows from investing activities</b>	<b>(5,810)</b>	<b>(1,868)</b>
<b>Cash flows from financing activities</b>		
Dividend payment	<b>(9,724)</b>	-
Proceeds from IPO	-	12,880
Payments for IPO expenses	-	(10,116)
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(9,724)</b>	<b>2,764</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,315)</b>	<b>1,583</b>
Cash and cash equivalents at the beginning of the financial period	<b>13,388</b>	15,021
<b>Cash and cash equivalents at the end of the period</b>	<b>9,073</b>	<b>16,604</b>

During the half-year ended 31 December 2016, non-cash investment activities in relation to the acquisition of subsidiary amounted to \$3.3m (see note 9 for further details).

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

## 1 Summary of significant accounting policies

### (a) Basis of preparation (interim report)

This condensed consolidated interim report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by amaysim Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### (i) Working capital

As at 31 December 2016, the group has net assets of \$34,664k (30 June 2016: \$32,311k) but current liabilities exceed current assets by \$59,255k (30 June 2016: \$46,319k). Despite these historical net working capital deficits, the company continues to operate successfully and generate strongly positive operating cash inflows. This is because of a positive trading cash flow cycle where inflows from customer payments are received faster than the company is required to pay major creditors which are on fixed payment terms, and certain liabilities which, in practice, can be deferred beyond the short term.

Specifically, the working capital deficit includes deferred revenue of \$7,803k (30 June 2016: \$7,449k) for which there are no future outflows. In addition, major creditors included in current liabilities have fixed repayment terms, Optus activation fee liabilities of \$8,968k (30 June 2016: \$11,230k) are payable over the lesser of 24 months from customer start date or on customer disconnection and customer deposits of \$3,051k (30 June 2016: \$3,324k) are only payable if a customer disconnects and requests a refund.

The company also has a history of generating positive operating cash flows and managing the business to ensure debts are paid as and when they fall due, despite the net working capital deficits detailed above. The company generated \$11,219k from operating activities during the half-year ended 31 December 2016 (\$16,744k during the full year ended 30 June 2016) and this was after having paid \$10,174k to Optus for the liability acquired on the Vaya acquisition (\$17,782k during the second half of FY2016). The acquired Vaya liability to Optus is more akin to an investment outflow over time rather than an operating outflow but this manifests in the operating section of the cash flow statement under accounting standards. The final Optus payment related to the Vaya acquisition ends in January 2018.

With the company generating positive operating cashflows and paying liabilities as and when they fall due, the financial statements are prepared on a going concern basis.

### (b) Critical accounting estimates and judgements

The group may make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Assumptions made at each balance date are based on best estimates at that date.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

#### (i) Income taxes

The group is subject to income taxes in Australia. Significant judgement is required in determining the income tax expense. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax based on the group's understanding of the tax law, including the assumption that it will both generate sufficient future taxable profits and continue to satisfy the Continuity of Ownership and/or Same Business tests in future periods. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the availability of booked tax assets in future periods in which any determination is made.

Assumptions about the generation of future taxable profits depend on the group's estimate of future cash flows, which is dependent on estimates of future sales volumes, operating expenses, capital expenditure, dividends to shareholders and other capital management transactions.

## 1 Summary of significant accounting policies (continued)

### (b) Critical accounting estimates and judgements (continued)

#### (ii) Share based payments

The group has issued share rights to certain eligible employees. The cost of the plan recognised in the group's financial statements is an estimation of the fair value of the share rights at grant date. This requires judgement in respect of the valuation methodology adopted and the valuation assumptions embedded within the methodology. The group has utilised the Monte-Carlo simulation valuation methodology as it is a highly flexible valuation technique and commonly used in valuing share rights plans.

The long-term incentive plan has a performance condition relating to the achievement of certain EPS targets. Based on current trading, management have assumed that 100% of the EPS performance condition will be achieved when determining the share based payment expense for the period.

All equity compensation plans issued to staff have an employment condition. Management have assumed that all staff will meet the employment condition.

### (c) New and amended accounting standards adopted by the group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the group. The group is currently assessing the impact of these new standards and interpretations.

## 2 Operating segments

### Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Chief Operating Decision Maker (CODM). The term CODM refers to the role performed by the Chief Executive Officer, in assessing performance and determining the allocation of resources.

The CODM considers the business as having only one operating segment and assesses the performance of the operating segment based on a measure of EBITDA. Additionally, service revenue is a key performance measure used by the CODM used in assessing performance and determining the allocation of resources.

As there is only the one deemed operating segment the revenue and profit information is consistent with the consolidated statement of comprehensive income.

## 3 Dividends

### Dividends paid during the reporting period

	<b>31 Dec 2016 \$'000</b>	31 Dec 2015 \$'000
Final dividend	<b>9,724</b>	-

### Dividends not recognised at the end of the reporting period

Interim dividend	7,427	5,351
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#### 4 Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the half-year to 31 December 2016 is 33.5%, compared to 31.8% for the six months ended 31 December 2015.

##### (a) Income tax expense

	<b>31 Dec 2016 \$'000</b>	31 Dec 2015 \$'000
Current tax	1,991	-
Deferred tax	2,196	218
Amount recognized directly to equity	-	102
Prior year under provision	-	5
<b>Total Income tax expense</b>	<b>4,187</b>	<b>325</b>

##### (b) Reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	<u>12,501</u>	1,006
Tax at 30% (2015 - 30%)	<u>3,750</u>	302
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	113	109
Research and development expenditure	(66)	(181)
Entertainment	3	27
Share-based payments	136	149
Acquisition expenses	207	465
Prior year under provision	-	5
True up – deferred taxes	43	-
Sundry items	1	(551)
Income tax expense	<u>4,187</u>	<u>325</u>

#### 5 Trade and other payables

	<b>31 Dec 2016 \$'000</b>	30 June 2016 \$'000
Trade payables	17,771	11,263
Accrued expenses	18,039	14,883
Optus activation fee liability	8,968	11,230
Optus liability acquired on Vaya acquisition	19,236	18,376
<b>Total trade and other payables</b>	<b>64,014</b>	<b>55,752</b>

#### 6 Fair value measurements

As at 31 December 2016 the group holds no assets or liabilities that require fair value measurements, other than the Share based payments outlined in Note 7 on pages 14 to 16. The fair values of all financial instruments held on the balance sheet as at 31 December 2016 equal the carrying amount.

## 7 Share-based payments

### (a) Long term incentive plan (LTIP)

During FY2016 amaysim Australia Limited issued Long term incentive plan options (LTIP) to key executives for the purpose of executive retention and to align the remuneration of executives with long term shareholder wealth creation.

The options vest in three tranches and convert into either ordinary shares or cash payment at the option of the company, subject to achieving EPS performance hurdles and the retention conditions. As settlement is at the discretion of the company the options are treated as an equity settled share based payment. A share based payment expense is reflected in employee benefits expense in the consolidated statement of comprehensive income and an offsetting amount is recognised under Equity compensation reserve in the consolidated balance sheet.

The vesting schedule for the EPS performance condition for each tranche is set out in the table below:

Performance level	EPS over the relevant Performance Period	Vesting level
Below threshold	< 80% of Target CAGR	0%
Threshold	80% of Target CAGR	50%
Between Threshold and Target	Between 80% and 100% of Target CAGR	Straight line vesting between 50% and 75%
Target	100% of Target CAGR	75%
Between Target and Maximum	Between 100% and 125% of Target CAGR	Straight line vesting between 75% and 100%
Maximum	> 125% of Target CAGR	100%

The relevant target Compound Annual Growth Rate (CAGR) for each performance period will be determined by the board.

If the EPS performance condition for a performance period is not satisfied, the relevant tranche will lapse and there is no retesting of a tranche of rights at any later test date.

Once all vesting conditions are met the holder of each option can exercise that option at an exercise price of \$1.80 per option. Options can be settled in cash or in shares at the discretion of the board.

Set out below are the details of all options granted and unvested under the plan:

Grant date	Tranche No.	Performance period	Vest date	Fair value per option	No. of options
15 July 2015	1	Jul 2015 - Jun 2018	Aug 2018	\$0.40	1,412,500
15 July 2015	2	Jul 2015 - Jun 2019	Aug 2019	\$0.42	706,250
15 July 2015	3	Jul 2015 - Jun 2020	Aug 2020	\$0.43	706,250
30 Oct 2015	1	Jul 2015 - Jun 2018	Aug 2018	\$0.83	556,330
30 Oct 2015	2	Jul 2015 - Jun 2019	Aug 2019	\$0.83	278,165
30 Oct 2015	3	Jul 2015 - Jun 2020	Aug 2020	\$0.83	278,165
8 March 2016	1	Jul 2016 - Jun 2017	Aug 2017	\$0.54	143,346
8 March 2016	2	Jul 2016 - Jun 2018	Aug 2018	\$0.54	139,130
8 March 2016	3	Jul 2016 - Jun 2019	Aug 2019	\$0.54	139,131
					<b>4,359,267</b>

## 7 Share-based payments (continued)

### (a) Long term incentive plan (LTIP) (continued)

The long term incentive options were valued by an independent valuer using the monte-carlo simulation model based on the following assumptions:

Grant date	15 July 2015	30 Oct 2015	8 March 2016
Option consideration	Nil	Nil	Nil
Exercise price	\$1.80 per option	\$1.80 per option	\$1.80 per option
Share price	\$1.80	\$2.53	\$1.78
Volatility	34%	34%	75% in first year, 34% in remaining years
Expected dividend yield	4.4%	4.4%	4.4%
Risk-free interest rate	1.925% - 2.94%	1.74% - 2.61%	1.95% - 2.56%

### (b) Employee Share Rights Plan (ESRP)

The amaysim employee share rights plan was established in May 2012. The plan was designed to provide an incentive to employees who joined amaysim in its formative years and ensure that employees received a reward based on their contribution to the success of the group. Participation in the plan was at the group's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Rights vest under the plan if the following two conditions are satisfied: (1) amaysim successfully executes a liquidation event, either in the form of an IPO, trade sale, or merger; and (2) the employee meets the employment condition.

amaysim Australia Limited successfully listed on the ASX on 15 July 2015 and as a result the first vesting condition was satisfied. If the employee meets the employment condition each right will convert to 145 ordinary shares in amaysim Australia Limited.

The rights convert to ordinary shares in three tranches over a two year period (1/3 at liquidation date of 15 July 2015; 1/3 twelve months after liquidation; 1/3 twenty four months after liquidation). A share based payment expense is reflected in employee benefits expense in the consolidated statement of comprehensive income and an offsetting amount is recognised under Equity compensation reserve in the consolidated balance sheet.

Rights granted under the plan do not carry any dividend or voting rights. The exercise price of each right is NIL.

amaysim has the discretion to determine if the rights are paid out in shares or shares are sold on the ASX and the proceeds provided to employees in cash. It is the director's intention to settle in shares.

The following table sets out a summary of the ESRP and the movement of rights during the financial year:

Tranche	Balance 1 July 2016	Forfeited during the year	Exercised during the year	Balance 31 December 2016
Tranche 2	15,061	-	(15,061)	-
Tranche 3	14,950	(60)	(1,342)	13,548
Total	30,011	(60)	(16,403)	13,548

No ESRP rights were granted during the period.

On 25 August 2016, 16,403 share rights converted to 2,378,485 ordinary shares in amaysim Australia Limited at a price of \$2.06 each.

Tranche 3 rights are scheduled to vest in August 2017.

## 7 Share-based payments (continued)

### (b) Employee Share Rights Plan (ESRP) (continued)

#### *Fair value of employee share rights granted*

The weighted average fair value of rights at grant date was \$52.94 per right. The fair value at grant date was independently determined using a Monte-Carlo simulation valuation using the following assumptions:

Expected IPO date	31 July 2015
Share price target	2 times the exercise price
Volatility	80%
Risk free interest rate	Australian Government Bond Rates (between 2.24% - 3.28%)
Dividend Yield	0%

The volatility assumption is representative of the level of uncertainty expected in the movements of the group's share price over the life of the plan. amaysim being a relatively new company in a mature industry we would be expected to have a high level of volatility. The higher the volatility assumption chosen, the less sensitive the rights valuations to the assumptions chosen. The board has been guided by the sensitivity and observed volatility of other start-up companies and have chosen a volatility assumption of 80%.

## 8 Equity

### (a) Equity

#### (i) Share capital

	31 Dec 2016 \$'000	30 June 2016 \$'000
<b>Ordinary Shares</b>		
Opening balance at 1 July	62,538	35,521
Contributions of equity, net of transaction costs and tax	-	12,561
Shares issued as consideration for business combination	1,805	9,434
Shares to be issued as consideration for business combination	1,503	5,022
Closing balance at 31 December	<u>65,846</u>	<u>62,538</u>

#### (ii) Movements to ordinary share capital

	Number of shares
Opening balance at 1 July	180,267,342
Shares issued as consideration for the acquisition of Australian Broadband Services Pty Ltd	839,569
Shares issued under the Employee Share Rights Plan	2,378,485
Shares issued as consideration for the acquisition of Vaya Pty Ltd	2,183,406
Closing balance at 31 December	<u>185,668,802</u>

#### (iii) Movements in employee share plan rights (ESRP)

	Number of potential shares
Opening balance at 1 July	4,351,743
Rights vested	(2,378,485)
Rights forfeited	(8,652)
Closing balance at 31 December	<u>1,964,606</u>

## 8. Equity (continued)

### *(a) Contributed equity (continued)*

#### *(iv) Movements in long term incentive plan (LTIP)*

	<b>Number of rights</b>
Balance at 31 December	<u>4,359,267</u>

There were no movements in LTIP during the period.

#### *(v) Ordinary shares*

All contributions of equity in amaysim Australia Limited 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 31 December 2016 there were 185,668,802 ordinary shares issued.

## 9 Business combinations

### (a) Acquisition of Australian Broadband Services Pty Limited

On 23 August 2016 amaysim Australia Limited acquired all the equity of Australian Broadband Services Pty Limited (AusBBS). This acquisition accelerates its strategy to enter into the broadband market in order to be ready for the 'forced churn' event presented by the rollout of the National Broadband Network (NBN).

#### (i) Purchase consideration

Details of the purchase consideration are as follows:

	<b>\$000's</b>
Tranche 1: cash on completion	1,014
Tranche 1: amaysim shares on completion	1,805
Tranche 2: cash	12
Tranche 2: amaysim shares one year after completion	1,503
<b>Total purchase consideration</b>	<b>4,334</b>

#### (ii) Provisional assets acquired/liabilities assumed

	<b>Provisional fair value \$000's</b>
Cash	30
Trade receivables	9
Accrued revenue	19
Other receivables	373
Other current assets	95
Intangible assets – software and goodwill	4,584
Trade and other payables	(388)
Accruals	(209)
Unearned revenue	(57)
Customer deposits	(28)
Loan – Director	(94)
<b>Net assets acquired</b>	<b>4,334</b>

## 10 Events occurring after the reporting period

Other than the declaration of the interim dividend as disclosed in Note 3, no matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

amaysim Australia Limited  
Directors' declaration  
For the half-year ended 31 December 2016

In the opinion of the directors' of amaysim Australia Limited (the Company):

- (a) the interim financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that amaysim Australia Limited will be able to pay its debts as and when they become due and payable.

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



Andrew Reitzer  
Director  
Sydney



Julian Ogrin  
Director

Sydney  
24 February 2017



## **Independent auditor's review report to the shareholders of amaysim Australia Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of amaysim Australia Limited (the Company), which comprises:

- the consolidated balance sheet as at 31 December 2016
- the consolidated statement of comprehensive income for the half-year then ended
- the consolidated statement of changes in equity for the half-year then ended
- the consolidated statement of cash flows for the half-year then ended
- selected explanatory notes
- the directors' declaration for amaysim Australia Group (the consolidated entity).

The consolidated entity comprises the Company and the entities it controlled from time to time during the half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of amaysim Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### *Independence*

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

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of amaysim Australia Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Prakash*  
PriceWaterhouseCoopers  
  
S Prakash  
Partner

Sydney  
24 February 2017