amaysim

interim report

for the half-year ended 31 December 2017

Appendix 4D (rule 4.2A.3)

Final report for the half year ended 31 December 2017. This Appendix 4D should be read in conjunction with the Interim Report for the same period.

Results for announcement to the market (All comparisons to half year ended 31 December 2016)	$'000	Up/(down)	Movement %
Revenue from ordinary activities	294,035	157,165	114. 8%
Revenue from ordinary activities excluding interest income	293,983	157,337	115.1%
Earnings before interest, tax, depreciation and amortisation	10,193	(7,079)	(41.0%)
Underlying earnings before interest, tax, depreciation and amortisation*	17,818	499	2.9%
Net loss after tax from ordinary activities	(2,377)	(10,691)	(128.6%)
Net loss attributable to members	(2,377)	(10,691)	(128.6%)
Underlying profit after tax* (excluding significant items)	2,961	(5,384)	(64.5%)

Comment

*Underlying figures have been calculated from statutory data after excluding integration related expenses, investments in strategic initiatives and other non-core expenses with a related tax adjustment where applicable.

Dividends

On 25 October 2017, a final fully franked dividend of 5.1 cents per share for the year ended 30 June 2017 was paid, which totalled $10,750k.

In light of the Company's growth and cross-sell strategy, the Board reviewed the Company's capital allocation and dividend policy for the half year ending 31 December 2017. In summary, the Board has formed a view that, during this strong growth phase, it is in the best interest of shareholders for the Company to retain a greater proportion of profits in the business. This change will set the Company up for long-term success and ensure it has the ability to continue to invest. As a result, the Board has made the decision not to declare an interim dividend for the 2018 financial year.

Net intangible assets

Net tangible assets	31 Dec 2017	31 Dec 2016
Net tangible assets per security	($0.73)	($0.25)

Additional Appendix 4D disclosure requirements can be found in the director's report and the 31 December 2017 interim financial statements and accompanying notes (as set out in the Interim Report).

This Appendix 4D report is based on the interim report for the half year ended 31 December 2017 that has been reviewed by PricewaterhouseCoopers.

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Director's report

Directors and Company Secretary

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 2017.

The directors of the Group during the period and up to the date of this report are shown below.

Andrew Reitzer	Chairman and Independent Non-Executive director
Julian Ogrin	Chief Executive Officer and Managing director
Rolf Hansen	Non Executive director resigned on 9 November 2017
Thorsten Kraemer	Independent Non-Executive director
Maria Martin	Independent Non-Executive director
Peter O'Connell	Non-Executive director
Jodie Sangster	Independent Non-Executive director

Alex Feldman holds the position of Company Secretary and General Counsel and was appointed Company Secretary in August 2015.

Principal activities

The principal activities of the Group during the period was the provision of mobile telecommunication and retail energy services.

Dividends

On 25 October 2017, a final fully franked dividend of 5.1 cents per share for the year ended 30 June 2017 was paid, which totalled $10,750k.

In light of the company's growth and cross-sell strategy, the Board decided to review the Company's capital allocation and dividend policy for the half year ending 31 December 2017.

The Company has moved into an accelerated growth phase across all verticals and the Board has formed a view that, in this context, it is in the best interest of shareholders for the Company to retain a greater proportion of profits in the business.

This change will ensure it has the ability to continue to invest and set the Company up for long-term success. While investment is likely to be focused on incremental near term organic growth and cross-sell, the Company also needs the flexibility to consider any potential accretive M&A opportunities across its key sectors.

To achieve this, the Board has made the decision not to declare an interim dividend for the 2018 financial year. The Board also does not anticipate paying a final dividend for the 2018 financial year and expects this approach to continue for the short to medium term.

The Board regularly reviews its approach to capital allocation with a view to ensuring that returns to shareholders are maximized. If, in the future, the Company has capital in excess of its investment needs, then the Board will consider all appropriate avenues of returning value to shareholders, including through dividends and/or accretive share buy-backs.

Review of operations[1]

The amaysim Group is a multi-vertical business making household services amazingly simple. We are a technology-driven company focused on exceptional user experience and are Australia's fourth largest mobile services provider and dominant Mobile Virtual Network Operator (MVNO).

In the 2018 half year, our highly competitive mobile plans and customer-first approach were recognised with amaysim winning the 2017 Canstar Blue award for Most Satisfied Customers – Mobile SIM Only; the fifth such award since 2013[2], two gold Money Magazine Best of the Best 2018 awards[3] and Roy Morgan's Australian Customer Satisfaction Award for Mobile Phone Service Provider of the Year 2017; the third such award in the past five years.[4] The amaysim brand also continues to excel in terms of customer satisfaction with amaysim recording one of the lowest levels of complaints compared with other mobile service providers, with approximately 1.4 complaints per 10,000 customers.[5]

Our strategy is to leverage our key assets, being our technology platforms and significant customer base to grow share of the household wallet through new products and services. This has seen the amaysim Group evolve from a mobile services provider to a business that offers mobile, energy, broadband and devices – all under the amaysim brand.

Outlook

amaysim is committed to its strategic priorities for the 2018 financial year, which are: to continue to develop and leverage its technology platform; to increase subscriber growth; and, to grow its share of the household wallet. These together support our overarching goal which is to grow multi-product subscribers.

We are positioned for continued top-line growth across the Group. The outlook is supported by the strong growth experienced in the first half of the 2018 financial year and the continuation of that growth in January and February 2018.

We expect competition in mobile to continue to intensify and believe the best way to succeed in this environment is to lead the charge as a technology-led challenger and by leveraging our unique multi-vertical growth strategy.

Financial performance - Group

The Group reported a statutory loss after tax of $2,377k for the half year ended to 31 December 2017 (31 December 2016; profit $8,314k).

The statutory loss was mainly driven by strategic investments made by the Group to drive future business growth, including new product launches, investment into new verticals and integration costs incurred post the acquisition of Click. These initiatives resulted in a solid growth of the Group's subscriber numbers across all verticals. Refer to additional financial performance information below for an analysis of underlying NPAT of $2,961k after excluding these amounts.

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[1] All comparisons are half year ended 31 December 2017 compared to the half year ended 31 December 2016 unless otherwise noted

[2] Canstar Blue Most Satisfied Customers – Prepaid Mobile Services award in 2013 & 2014; Canstar Blue Most Satisfied Customers – Mobile Phone Plan Providers in 2014; Canstar Blue Most Satisfied Customers – Mobile SIM Only Postpaid in 2016 & 2017

[3] Money Magazine Best of the Best Awards 2018: gold winner in Best-Value Prepaid Mobile Plan (Low Usage) category for its $10 UNLIMITED 1GB mobile plan and gold winner in Best-Value Mobile Plan in the International Calls category for its $30 UNLIMITED 5GB plan

[4] Roy Morgan's Australian Customer Satisfaction Award for Mobile Phone Service Provider of the Year 2017; amaysim won the third such award in the past five years

[5] amaysim received 1.4 complaint per 10,000 customers which was one of the lowest levels of industry complaints when compared with other carriers, including Telstra, Optus, Vodafone, Pivotel and Other participants, Telecommunications Complaints in Context, October - December 2017. Applies only to amaysim brand

A summary of the statutory financial and operating results for the Group for 31 December 2017 are set out below:

A$'000 (unless stated)		1HY2018*	1HY2017**	Variance %
Net revenue	(i)	293,983	136,646	115.1%
Gross Profit	(ii)	72,318	40,490	78.6%
Gross Profit Margin %	(iii)	24.6%	29.6%	-5.0%
Net Loss / Profit After Tax (NPAT)	(iv)	(2,377)	8,314	-

* 1HY2018 includes 6 months contribution of the mobile (including devices), broadband, and energy businesses.
** 1HY2017 includes 4 months contribution from AusBBS acquired on 23 August 2016.

Net revenue means total service revenue and other revenue.
Gross profit means total net revenue less network and wholesale related expenses.
NPAT means net profit/(loss) after tax.

(i) Net revenue for the period of $293,983k increased by 115.1%, or $157,337k, compared to the prior year, driven by the addition of energy and strong subscriber growth across the Group.

(ii) Gross profit growth increased by 78.6% with the 6-months contribution from Click.

(iii) Gross profit margin decreased from 29.6% to 24.6% during the period primarily as a result of lower gross margins contributed by Click versus gross margins in the comparison period which excludes Click Energy.

(iv) Statutory NPAT of ($2,377k) is impacted by investments into strategic initiatives to drive business growth and the timing of the recognition of a $6,000k receivable relating to the first half of the 2018 financial year. The latter is disclosed in the interim report as a subsequent event and will be recognised in the earnings in the second half of the 2018 financial year.

amaysim's operating expenses (excluding expenses related to network, wholesale, finance and depreciation) increased by $36,856k in the 6 months to 31 December 2017; the increase is in line with the acquisitions made by the Group in FY2017, and is primarily made of:

- employee expenses increased $9,237k, due to the increase in headcount in line with acquisitions made in FY2017, and include employee costs related to Click Energy (not included in the comparison period) and employee costs related to the integration of Click Energy. The latter total $1,219k and are included in integration expenses when reporting underlying results;
- marketing expenses increased by $11,829k to support the growth strategy of the Group and the broadening of the mobile portfolio into a new product proposition;
- integration expenses increased by $1,244k due to the acquisition of Click (excluding any integration expenses related to employee costs as mentioned above);
- IT and facilities expenses increased $1,991k and Other expenses increased $12,555k, in both cases primarily driven by the 6-months contribution of Click.

Financial performance – segment

With the diversification of the Group since the prior period the Company now has 3 segments. A summary of consolidated revenues and results for these segments is set out below with segment comments.

A$'000 (unless stated)	Mobile	Broadband	Energy	Total
Net revenue	137,310	3,601	153,072	293,983
Gross margin	37,551	(365)	35,132	72,318
EBITDA	5,661	(3,318)	7,850	10,193
Subscribers ('000)	1,127	13	185	

Mobile (including devices)

The Group's mobile subscriber base grew by 10% at a low churn rate of 2% to close at 1.127million as at 31 December 2017. This was achieved despite increased competition, and reflects a broadened mobile suite of UNLIMITED products to capture a greater share of the sub-$20 market and increased data inclusions.

Despite this subscriber growth, mobile net revenue (excluding devices) decreased by approximately 7% due to a 15% reduction in mobile average revenue per user (ARPU). ARPU was primarily impacted by the broadening of the mobile portfolio which resulted in existing subscribers migrating towards lower price plans and fewer subscribers purchasing data top ups as inclusions were increased across the portfolio. These initiatives supported the cross-sell strategy, maintained amaysim's competitive edge in the market and gave us an early lead into this significant and growing price sensitive segment.

Despite the fall in mobile (excluding devices) net revenue, mobile (excluding devices) gross margin improved from 29.6% to 30.2% reflecting amaysim's competitive product offering and terms negotiated under the Network Supply Agreement with Optus.

In October 2017, we launched the amaysim online device store, with initial results since that time reinforcing this vertical's potential to boost amaysim's top line growth through new customer acquisition and retention.

The amaysim online device store offers customers great value mobiles and tech from the most popular brands to enable Australians to get their hands on some of the latest products for less. In the half, the Group shipped approximately 16,300 device store orders across the amaysim, Vaya and a number of smaller tech brands.

Broadband[6]

After launching amaysim's nbn plans in the second half of the 2017 financial year, the broadband business has achieved solid growth in-line with management's expectations. Encouragingly, around 40% of the amaysim nbn subscribers have a relationship with the amaysim Group.

Energy

The energy business achieved net revenue of $153,072k driven by solid subscriber growth (up 18% since the acquisition of Click on 1 May 2017) and strong ARPU of $146.50 (up compared to the reported FY17 energy ARPU of $139.82[7]) and gross margins were healthy at 23.0%.

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[6] Includes amaysim and AusBBS

[7] FY17 Energy ARPU reflects ~2 months contribution from Click that was acquired on 1 May 2017

Additional financial performance information

Given the acquisition and integration related costs, non-core expenses and strategic investments included in the statutory results, the directors are of the opinion that underlying financial information should also be used in understanding the financial performance of the Group. This information should be considered as supplementary to the consolidated statement of comprehensive income that has been presented in accordance with the Australian Accounting Standards and not as a replacement. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way amaysim has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

Financial half-year ended 31 December 2017 A$'000 (unless stated)		1HY2018* Underlying	1HY2017** Underlying	Variance %
EBITDA	(i)	17,818	17,319	2.9%
NPAT	(ii)	2,961	8,345	-64.5%
NPATA		7,471	10,323	-27.6%
Underlying EPS (cps)		1.4	4.6	-69.3%

* 1HY2018 includes 6 months contribution of mobile (including devices), broadband, and energy businesses.
** 1HY2017 includes 4 months contribution from AusBBS acquired on 23 August 2016.

EBITDA means the earnings before interest, tax, depreciation and amortisation.
NPATA is NPAT adding back the tax affected amortisation related to acquired contracts and intangible assets other than software.
Underlying EPS is calculated as underlying NPAT divided by weighted average number of shares on issue.

(i) Underlying EBITDA of $17,818k increased by 2.9% compared to the prior year, driven by the addition of new verticals (particularly energy) and offset by a decline in mobile EBITDA as product plans were broadened to attract new subscribers. This aligns with the Company's strategy of driving strong growth in mobile subscribers which presents an opportunity to cross-sell products from the other verticals.

(ii) Underlying NPAT of $2,961k declined by $5,384k or 64.5% compared to the prior year, primarily due to increased amortisation of software and acquired intangibles and interest on borrowings associated with the acquisition of Click Energy, which were partially offset by a reduction in tax expense.

Reconciliation of statutory results to underlying results

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

Financial half-year ended 31 December 2017		EBITDA $'000	NPAT $'000	NPATA $'000
Statutory results		10,193	(2,377)	2,133
Add back/(deduct):				
Integration expenses	(i)	3,288	3,288	3,288
Investment in strategic initiatives	(ii)	4,178	4,178	4,178
Non-core expenses	(iii)	159	159	159
Income tax adjustment	(iv)	-	(2,287)	(2,287)
Underlying results	(v)	17,818	2,961	7,471

(i) Integration expenses are costs directly related to the integration and reorganisation of the Group following the acquisition of Click on 1 May 2017 and allocated employee costs.

(ii) During the period, the Group invested in strategic initiatives to drive future growth, including investment in new mobile products and the start up of a new vertical – amaysim devices.

(iii) Non-core expenses relate to other non-operating expenses incurred.

(iv) Income tax adjustment is the tax impact of the underlying NPAT adjustments.

(v) Underlying EBITDA does not include a $6,000k receivable relating to the first half, reported as a subsequent event in the 2018 half year results which will be recognised in the earnings in the second half. If this subsequent receivable was included, adjusted underlying EBITDA would be $23,818k (compared to $17,319k last year).

Review of financial position

At 31 December 2017, the Group has a net assets position of $55,480K (30 June 2017: net assets of $76,236k); however the Group's current liabilities exceed current assets by $68,646k (30 June 2017: $50,077k). Despite these historical working capital deficits, the Company continues to operate successfully and generates positive operating cash inflows. This is because of a positive trading cash flow cycle for both the mobile and energy segments 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. For further details, refer to Note 1 (i).

Significant changes in the state of affairs

Employee share right plans

On 28 August 2017, the last tranche of the legacy employee share rights plan was issued: 13,366 employee share rights converted to 1,938,071 ordinary shares in amaysim Australia Limited at a price of $1.68 each.

Event subsequent to balance date

Confirmation of a receivable in relation to the first half's performance

In February 2018, amaysim received $6,000k in relation to events which occurred in the six months to 31 December 2017. This receivable will be recognised in the earnings in the second half of the financial year.

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 10.

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 (where rounding is appropriate), or in certain cases, to the nearest dollar.

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

Andrew Reitzer	**Julian Ogrin**
Director Sydney	Director Sydney

23 February 2018

Auditors Independence Declaration

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Auditor's Independence Declaration

As lead auditor for the review of amaysim Australia Limited for the half-year ended 31 December 2017, 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.

S Prakash
Partner
PricewaterhouseCoopers

Sydney
23 February 2018

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Consolidated statement of comprehensive income

for the half-year ended 31 December 2017

	Notes	31 Dec 2017 $'000	31 Dec 2016 $'000
Revenue and other income			
Service revenue		**279,495**	134,241
Other revenue		**14,488**	2,405
Other income		**-**	2,051
Interest income		**52**	224
Total revenue and other income		**294,035**	138,921
Expenses			
Network and wholesale related expenses		**(221,665)**	(96,156)
Employee expenses		**(21,010)**	(11,773)
Marketing expenses		**(16,213)**	(4,384)
IT and facilities expenses		**(6,359)**	(4,368)
Depreciation and amortisation expenses		**(10,068)**	(3,788)
Finance expenses		**(3,862)**	(1,207)
Integration and acquisition expenses		**(2,086)**	(842)
Other expenses		**(16,457)**	(3,902)
Total expenses		**(297,720)**	(126,420)
(Loss)/Profit before income tax		**(3,685)**	12,501
Income tax benefit/(expense)	3	**1,308**	(4,187)
(Loss)/Profit after tax		**(2,377)**	8,314
(Loss)/Profit attributable to members of amaysim Australia Ltd		**(2,377)**	8,314
Other comprehensive income for the year net of tax			
Items that may subsequently reclassify to profit or loss		**(8,683)**	-
Total comprehensive (loss)/ income for the year attributable to members of amaysim Australia Ltd		**(11,060)**	8,314

Earnings per share	Cents	Cents
Basic earnings per share	**(1.1)**	4.6
Diluted earnings per share	**(1.1)**	4.3

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

Consolidated balance sheet

as at 31 December 2017

	Notes	31 Dec 2017 $'000	30 Jun 2017 $'000
CURRENT ASSETS			
Cash and cash equivalents		**18,051**	18,068
Trade receivables		**48,939**	43,837
Derivative financial instruments	7	**1,555**	7,573
Other current assets		**8,661**	6,190
Total current assets		**77,206**	75,668
NON-CURRENT ASSETS			
Property, plant and equipment		**4,043**	3,077
Intangible assets		**209,867**	209,664
Derivative financial instruments	7	**-**	3,258
Other non-current assets		**906**	874
Total non-current assets		**214,816**	216,873
TOTAL ASSETS		**292,022**	292,541
CURRENT LIABILITIES			
Trade and other payables	5	**109,808**	82,755
Customer deposits		**2,996**	3,177
Deferred revenue		**8,396**	9,870
Borrowings	6	**13,598**	13,604
Derivative financial instruments	7	**3,496**	-
Provisions		**5,726**	6,235
Current tax liabilities		**1,832**	10,104
Total current liabilities		**145,852**	125,745
NON-CURRENT LIABILITIES			
Borrowings	6	**82,797**	82,558
Derivative financial instruments	7	**1,172**	-
Provisions		**3,957**	3,071
Deferred tax liabilities		**2,764**	4,931
Total non-current liabilities		**90,690**	90,560
TOTAL LIABILITIES		**236,542**	216,305
NET ASSETS		**55,480**	76,236
EQUITY			
Contributed equity	9	**118,290**	114,733
Equity compensation reserve		**(7,513)**	(5,010)
Cashflow hedge reserve		**(3,282)**	5,405
Foreign currency translation reserve		**(244)**	(248)
Retained profits		**12,200**	25,327
Accumulated losses (prior years)		**(63,971)**	(63,971)
TOTAL EQUITY		**55,480**	76,236

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

Consolidated statement of changes in equity

for the half-year ended 31 December 2017

		Attributable to owners of amaysim Australia Limited					
	Notes	Contributed equity $'000	Equity compensation reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total $'000
Balance at 1 July 2016		62,538	2,780	-	-	(33,007)	32,311
Profit after tax for the year		-	-	-	-	8,314	8,314
Total comprehensive income for the year		-	-	-	-	**8,314**	**8,314**
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)
Balance at 31 December 2016		**65,846**	**3,235**	-	-	**(34,417)**	**34,664**
Balance at 1 July 2017		114,733	(5,010)	5,405	(248)	(38,644)	76,236
Profit after tax for the year			-	-	-	(2,377)	(2,377)
Other comprehensive income	7	-	-	(8,687)	4	-	(8,683)
Total comprehensive income for the year		**-**	**-**	**(8,687)**	**4**	**(2,377)**	**(11,060)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination		302	-	-	-	-	302
Dividends paid		-	-	-	-	(10,750)	(10,750)
Share based payments		-	752	-	-	-	752
Fair value of shares issued		3,255	(3,255)	-	-	-	-
Balance at 31 December 2017		**118,290**	**(7,513)**	**(3,282)**	**(244)**	**(51,771)**	**55,480**

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

Consolidated statement of cash flows

for the half-year ended 31 December 2017

	31 Dec 2017 $'000	31 Dec 2016 $'000
Cash flows from operating activities		
Receipts from customers (incl. of GST)	**319,046**	150,579
Payments to suppliers and employees (incl. of GST)	**(279,554)**	(129,376)
Repayment of Optus liability acquired on Vaya acquisition	**(10,174)**	(10,174)
Income taxes paid	**(5,403)**	(38)
Finance expenses	**(3,369)**	-
Interest received	**52**	228
Net cash inflows from operating activities	**20,598**	11,219
Cash flows from investing activities		
Payments for acquisition of subsidiary net of cash acquired	**-**	(984)
Payments for property, plant and equipment	**(1,683)**	(2,108)
Proceeds from sale of investments	**-**	2,051
Payments for intangible assets	**(7,700)**	(2,914)
(Increase) / Decrease in security deposits and bank guarantees	**(32)**	(1,855)
Net cash outflows from investing activities	**(9,415)**	(5,810)
Cash flows from financing activities		
Dividends paid	**(10,750)**	(9,724)
Proceeds from borrowings	**7,050**	-
Repayment of borrowings	**(7,500)**	-
Net cash outflows from financing activities	**(11,200)**	(9,724)
Net decrease in cash and cash equivalents	**(17)**	(4,315)
Cash and cash equivalents at the beginning of the financial year	**18,068**	13,388
Cash and cash equivalents at end of year	**18,051**	9,073

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

Notes to the consolidated financial statements

for the half-year ended 31 December 2017

1 Basis of preparation

This condensed consolidated interim report for the half-year reporting period ended 31 December 2017 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 2017 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 interim financial report is prepared in accordance with the historical cost convention, except for financial instruments which are recorded at fair value.

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

(i) Working capital deficiency

The Group has net assets of $55,480k as at 31 December 2017 (30 June 2017: net assets of $76,236k).

However, as at 31 December 2017, the Group's current liabilities exceed current assets by $68,646k (30 June 2017: $50,077k). Despite these historical working capital deficits, the Company continues to operate successfully and generate positive operating cash inflows. This is because of a positive trading cash flow cycle for the mobile segment, with inflows from customer payments received faster than outflows paid to major creditors as these have fixed payment terms; it is also due to the fact that certain liabilities, in practice, can be deferred beyond the short term.

Similarly, Click also has a favourable negative working capital cycle whereby customer payments are received faster that the Company is required to make payments to suppliers.

Specifically, the Group's working capital deficit includes deferred revenue of $8,396k (30 June 2017: $9,870k) for which majority of revenue to be recognised later will not trigger any cash outflows as related wholesale costs have been paid upfront (and deferred accordingly). In addition, major creditors included in current liabilities have fixed repayment terms. Out of the total customer deposits of $2,996k (30 June 2017: $3,177k), $2,322k 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 $20,598k from operating activities during the period (31 December 2017: $11,219k) and this was after a number of significant cash outflows that manifest in the operating section of the cashflow statement under accounting standards but are more akin to investing cash outflows. Specifically, in the current year these cash outflows include $10,174k to Optus for the liability acquired on the Vaya acquisition ($20,347k in FY2017), and $2,086k of integration costs, in relation to the Click acquisition.The final payment to Optus relating to the Vaya acquisition is 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.

New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group is currently working to assess the impact of these new accounting standards and will be providing further disclosure in its annual report at 30 June 2018.

Significant accounting judgements, estimates and assumptions

In preparing our half-year financial report, the Group has used significant judgements and estimates. These are consistent with those applied in our 2017 Annual Report.

2 Operating segments

Description of segments

At 31 December 2017, the reportable segments disclosed to measure the financial performance of the Group are the same as those identified at 30 June 2017:

- **Mobile services:** services provided to amaysim and Vaya customers, as well as devices sold through the Vaya and amaysim handset stores.
- **Broadband:** services provided to customers of AusBBS and since May 2017, to amaysim Broadband customers.
- **Energy:** services provided to customers for electricity and gas, since acquisition of Click Energy on 1 May 2017.

The CODM primarily uses the earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. The CODM also receives information about the segments revenue, asset allocation and other non-statutory measures on a monthly basis.

Segment information

31 December 2017	Mobile ($'000)	Broadband ($'000)	Energy ($'000)	Total ('$000)
Service revenue	124,203	2,780	152,512	279,495
Other revenue	13,107	821	560	14,488
Net revenue	**137,310**	**3,601**	**153,072**	**293,983**
Cost of sales	(99,759)	(3,966)	(117,940)	(221,665)
Gross margin	**37,551**	**(365)**	**35,132**	**72,318**
EBITDA	**5,661**	**(3,318)**	**7,850**	**10,193**
31 December 2016				
Service revenue	134,241	-	-	134,241
Other revenue	2,405	-	-	2,405
Net revenue	**136,646**	-	-	**136,646**
Cost of sales	(96,156)	-	-	(96,156)
Gross margin	**40,490**	-	-	**40,490**
EBITDA	**17,272**			**17,272**

Total segment assets *				
31 December 2017	**182,716**	**6,880**	**102,426**	**292,022**
30 June 2017	191,586	4,337	96,618	292,541
Total segment liabilities *				
31 December 2017	**(166,041)**	**(2,683)**	**(67,818)**	**(236,542)**
30 June 2017	(160,367)	(1,175)	(54,763)	(216,305)

*Assets for Mobile include Total Goodwill of $146.3m and Liabilities for Mobile include Total Group borrowings of $96.4m.

Reconciliation of EBITDA to net (loss)/profit after tax

	31 Dec 2017 ($'000)	31 Dec 2016 ($'000)
EBITDA	**10,193**	17,272
Depreciation & amortisation	**(10,068)**	(3,788)
Net finance costs	**(3,810)**	(983)
Loss before tax	**(3,685)**	12,501
Income tax benefit/(expense)	**1,308**	(4,187)
(Loss)/profit after tax	**(2,377)**	8,314

3 Income tax

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non–assessable and non-deductible items.

(a) Income tax expense

	31 Dec 2017 ($'000)	31 Dec 2016 ($'000)
Current tax	**419**	1,991
Deferred tax	**(1,448)**	2,196
Amount recognised directly in equity	**-**	-
Prior year (over)/under provision	**(279)**	-
Total income tax (benefit)/expense	**(1,308)**	4,187

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

	31 Dec 2017 ($'000)	31 Dec 2016 ($'000)
(Loss) / Profit from continuing operations before income tax expense	**(3,685)**	12,501
Tax at 30% (2016 - 30%)	**(1,106)**	3,750
Tax effect of amounts which are not deductible/assessable in calculating taxable income:		
Amortisation of intangibles	**113**	113
Research and development expenditure	**(279)**	(66)
Acquisition expenses	**-**	207
Share-based payments	**169**	136
Entertainment	**74**	3
Sundry items	**-**	1
Prior year (over)/under provision	**(279)**	43
Income tax (benefit)/expense	**(1,308)**	4,187

4 Dividends

On 25 October 2017, a final fully franked dividend of 5.1 cents per ordinary share for the year ended 30 June 2017 was paid, which totalled $10,750k.

5 Trade and other payables

	31 Dec 2017 ($'000)	30 June 2017 ($'000)
Trade and other payables		
Trade payables	**35,270**	21,172
Accrued expenses	**35,078**	21,637
Optus liability acquired on Vaya acquisition	**1,683**	11,514
Unbilled wholesale accrual	**9,865**	4,463
Unbilled network accrual	**15,865**	18,446
Renewable cost liability	**12,047**	5,523
Total trade and other payables	**109,808**	82,755

6 Borrowings

In April 2017 a Syndicated loan facility ("Facility") was entered into with the Commonwealth Bank of Australia ("CBA"). The Facility has a 3 year-term and will mature on 31 March 2020.

The facility totals $130.5million at 31 December 2017 and is made of the following three components:

- Facility A is a multi-option facility consisting of a revolving loan facility and a revolving bank guarantee facility totalling $19.5 million (fully utilised)
- Facility B is a revolving bank guarantee facility totalling $28.5 million (fully utilised); and
- Facility C is a term loan facility totalling $90 million, of which $7.5million has been repaid in 1HY2018 (fully utilised).

As mentioned in our Annual Report at 30 June 2017, the majority of the facility had been drawn down in FY17 to fund the acquisition of Click and used as bank guarantees.

On 3 July 2017, Westpac Corporation joined the Facility on the same terms as CBA sharing 50% of the Facility.

The Facility has a floating interest rate, as a result the Group is exposed to fluctuations in interest rates. On 5th September 2017 amaysim purchased an interest rate collar, with a maturity date of 31 March 2020.

Under the Facility, the Group is subject to financial covenants, tested on a quarterly basis; there has been no breach of the financial covenants during the period.

7 Fair Value Measurements

(i) Derivatives at 31 December 2017 and Fair Value Hierarchy

As at 31 December 2017 the Group holds energy derivatives that require fair value measurements. In addition, the Group holds derivatives acquired upon acquisition of Click which were fair valued at acquisition. The acquired contracts are amortised to profit and loss on a straight-line basis over the weighted average period of the acquired contracts.

A summary of the financial instruments and their value at 31 December 2017 is as follows:

	31 Dec 2017 ($'000)	30 June 2017 ($'000)
Current assets		
Acquired contracts	1,555	3,107
Customer load-following – cash flow hedge contracts	-	4,466
Total current derivatives financial instruments assets	**1,555**	7,573
Non Current assets		
Customer load-following – cash flow hedges contracts	-	3,258
Total non current derivatives financial instruments assets	-	3,258
Current liabilities		
Customer load-following – cash flow hedges contracts	3,496	-
Total current derivatives financial instruments liabilities	**3,496**	-
Non Current liabilities		
Customer load-following – cash flow hedges contracts	1,172	-
Total non current derivatives financial instruments liabilities	**1,172**	-
Total derivatives including acquired contracts	**(3,113)**	10,831

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. There are no Level 1 financial instruments at 31 December 2017.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. There are no Level 2 financial instruments at 31 December 2017.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

All customer load-following contracts are Level 3 Financial instruments, and there are no Level 1 and 2 Financial instruments at 31 December 2017 (similar to 30 June 2017).

(ii) Valuation techniques used to determine fair values

There has been no change in the valuation techniques in comparison to 30 June 2017. Valuation techniques include:

- the use of an average of quoted market prices leading up to balance date for similar instruments.
- estimates of notional volumes based on Board approved forecasts of customer demand.

All of the resulting fair value estimates are included in level 3.

Similarly, valuation processes have not changed compared to 30 June 2017. The main level 3 inputs used by the Group are derived and evaluated as follows:

- Forward settlement prices on electricity derivatives are obtained independently from the ASX Energy Futures website on relevant dates leading up to balance date.

- Notional volumes included in the energy hedge contracts are derived from internal modelling based on historical performance which eventually form part of Board approved forecasts and budgets.

At 31 December 2017, there were no significant inter-relationships between unobservable inputs that materially affect fair values.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2017.

	Load following derivatives ($'000)	Total ($'000)
Gains/(losses) recognised in other comprehensive income	(12,404)	(12,404)
Tax Effect	3,717	3,717
Closing balance 31 December 2017	**(8,687)**	**(8,687)**

(iv) Reconciliation of fair value movements in Level 3 Financial instruments

The following table provides a reconciliation of fair value movements in Level 3 financial instruments which have been designated as cash flow hedges with fair value movements via the Cash Flow Hedging Reserve:

	31 Dec 2017 ($'000)	30 June 2017 ($'000)
Movements		
Opening balance	5,405	-
Change in the fair value of energy derivatives	(12,404)	7,724
Tax Effect	3,717	(2,319)
Closing balance 31 December 2017	**(3,282)**	**5,405**

8 Business combinations

(a) AusBBS

On 28 August 2017, the second tranche of the shares related to the AusBBS acquisition were issued. At 30 June 2017, these were recorded in equity as deferred consideration but their fair value was understated by $302k.

Accordingly, the Purchase Price Accounting was adjusted and finalised during 1HY2018 (by the end of the provisional period in line with Australian Accounting Standards). The finalised Purchase Price acquisition is disclosed below:

(i) Purchase consideration

	2018 $'000
Tranche 1: Cash on completion	1,014
Trance 1: amaysim shares on completion	1,805
Tranche 2: Cash	12
Tranche 2: amaysim shares one year after completion	1,805
Total purchase consideration	**4,636**

(ii) Assets acquired / liabilities assumed

	Fair value $'000
Cash	30
Trade receivables	9
Accrued revenue	19
Other receivables	373
Other current assets	95
Software	4,464
Trade and other payables	(388)
Accruals	(209)
Unearned revenue	(57)
Customer deposits	(28)
Loan – director	(94)
Net identifiable assets acquired	4,214
Add: goodwill	422
	4,636

At 31 December 2017, the AusBBS purchase price accounting is finalised.

(b) Click acquisition

At 31 December 2017, the accounting for the business combination of Click acquisition is still provisional, and will be finalised during 2HY2018, by 1 May 2018 (i.e. 12 months after the acquisition of Click, in line with AASB3 – Business Combination).

9 Equity – issued capital

	Shares 31 Dec 2017 ('000)	Shares 30 June 2017 ('000)	31 Dec 2017 ($'000)	30 June 2017 ('000s)
Ordinary shares				
Opening balance	**208,015**	180,267	**114,733**	62,538
Issue of shares as consideration for business combination *	**840**	25,370	**302**	43,308
Fair value of shares issued	**-**	2,378	**-**	8,887
Shares to be issued as consideration for business combination	**1,938**	-	**3,255**	-
Closing balance	**210,793**	208,015	**118,290**	114,733

* On 28 August 2017, tranche 2 of the AusBBS acquisition was issued. At 30 June 2017, these were recorded in equity as deferred consideration, but their fair value was understated by $302k.

10 Share based payments

(a) 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.

On 15 July 2015, 16,151 share rights converted to 2,341,938 ordinary shares in amaysim Australia Limited at a price of $1.80 each. On 25 August 2016, 16,403 share righted vested and converted in 2,378,485 in amaysim Australia Limited at a price of $1.90 each.
On 28 August 2017, the last tranche vested with 13,366 share rights vesting and converting in 1,938,071 shares in amaysim Australia Limited at a price of $1.68 each.

This plan is now fully vested at 31 December 2017, with no new grant expected under the ESRP.

(b) Long term incentive plan (LTIP)

In FY2016, amaysim Australia Limited issued Long term incentive plan options (LTIP) to key executives for the first time, in line with the Remuneration Committee's strategy of retaining executives and aligning the remuneration of executives with long term shareholder wealth creation. Additionally, in FY2017, new LTIP's were issued to KMP newly nominated, following the Group's restructure during the year, with similar conditions to the previous plan.

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.

During the period, 143,346 options under this plan vested but were not exercised.

(c) New Employee share rights plans

In 1HY2018, the Group issued a new share based payments plan to key personnel. The share rights will vest in 3 tranches in FY2019, FY2020 and FY2021, with similar hurdles as for the current LTIP in place: EPS performance hurdles and service conditions.

There are 1,293,236 share rights granted under this new plan.

11 Events occurring after the reporting period

Confirmation of a receivable in relation to the first half's performance

In February 2018, it was confirmed that the Group obtained the benefit of $6,000k in relation to events which occurred in the six months to 31 December 2017. This receivable will be recognised in earnings in the second half of the financial year.

Directors' Declaration

for the half-year ended 31 December 2017

In the opinion of the directors of the Company:

(a) the interim financial statements and notes set out on pages 11 to 23 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and

(b) 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 signed in accordance with a resolution of directors.

Andrew Reitzer

Director
Sydney

Julian Ogrin

Director
Sydney

23 February 2018

Independent auditor's report to members of amaysim Australia Ltd

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Independent auditor's review report to the members 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 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for amaysim Australia Limited. The consolidated entity comprises the Company and the entities it controlled during that 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 2017 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.

Independence

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

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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 2017 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S Prakash
Partner

Sydney
23 February 2018

amaysim

amaysim Australia Limited
ABN 65 143 613 478