amaysim Australia Ltd

annual report 2016

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About amaysim

amaysim Australia Ltd is a leading provider of subscription-based mobile services plans and Australia's fourth largest mobile services provider.

In six years, the amaysim Group has pioneered the BYO handset mobile services model, now the fastest growing segment of the mobile telecommunications market. An asset-light, technology-driven business with a disruptive recurring subscription model, the amaysim Group offers a variety of mobile services plans to suit a range of Aussie needs and lifestyles, from the price conscious to the data-hungry.

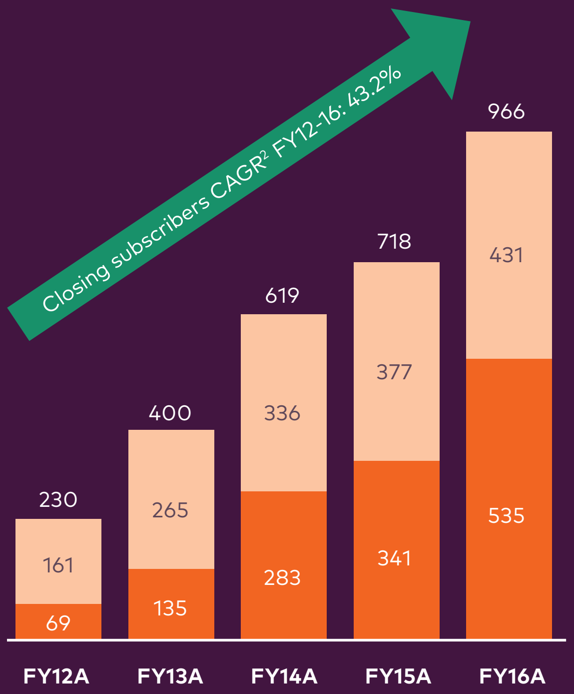
The amaysim brand has consistently won awards in customer satisfaction and prides itself on its amazingly simple, mobile-first customer experience platform and range of easy-to-understand amaysim UNLIMITED plans. Customers can optimise and manage their accounts whenever and wherever they choose, leading to low churn, strong word-of-mouth customer acquisitions and high customer satisfaction. amaysim champions a digital disruptor model with its customers at its core, to bring change to an outdated mobile services industry.

In January 2016, amaysim acquired Vaya, a low-cost mobile virtual network operator with approximately 140,000 subscribers at the time of the acquisition. The amaysim Group now has a dual brand strategy, with mobile plans and price-points to address broader segments of the Australian market. amaysim is the customer experience champion while Vaya is the price-fighter.

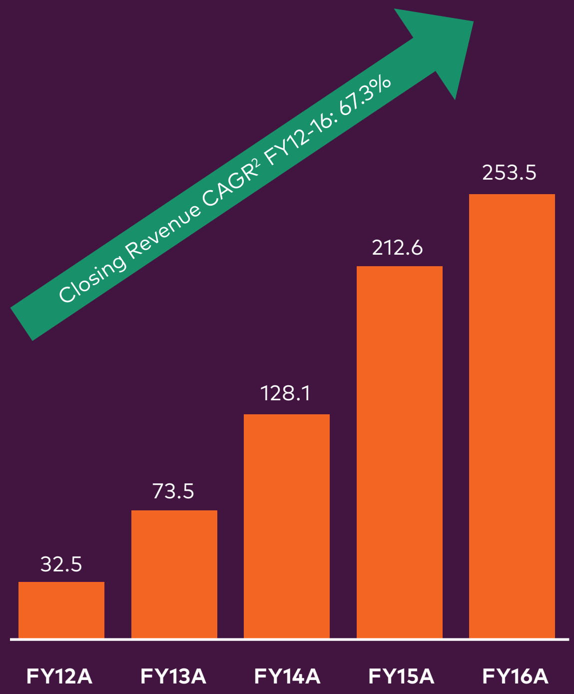
The amaysim Group is set to extend its services into the broadband market during the 2017 financial year, bringing its 'no hassles' approach into more areas of Aussie homes.

Financial Highlights

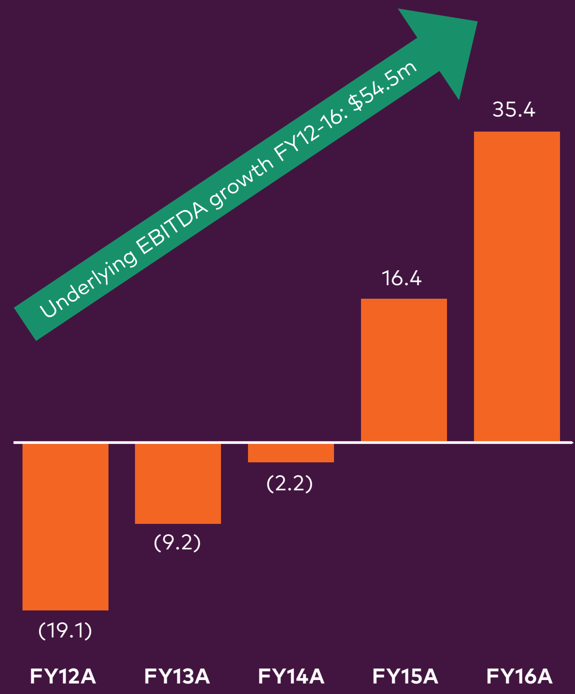
Closing subscriber base by category ('000s)



Net Revenue ($m)



Underlying EBITDA ($m)[1]



Unlimited/PowerPlan category

Other category

1. Underlying EBITDA and NPATA has been calculated from statutory data after excluding the impact of IPO expenses and any acquisition related expenses with a related tax adjustment where applicable. FY16 underlying EBITDA and NPATA includes Vaya which was acquired on 1 January 2016.
2. CAGR means compound annual growth rate

Chairman Letter

The amaysim Group is committed to delivering value to its shareholders through sustainable growth and by leveraging its capital light, online customer engagement model.

Dear Shareholder

Welcome to this, the first full annual report for amaysim as a public company. In the space of six years the Company has gone from a bold start-up, applying disruptor thinking to the telecommunications industry, to Australia's leading 'telco in your pocket' challenger brand. I believe the Company's financial performance for the period, since its listing on the Australian Stock Exchange in July 2015, speaks to this successful transition to a significant and profitable business.

In the past year amaysim has more than doubled its underlying EBITDA, reflecting the increase in its subscriber base, and shown strong profitable growth compared to the 2015 financial year. In line with this result, I am pleased to report that the Board approved an unfranked final dividend of 5.3 cents per share, bringing the total dividend for the year to 8.3 cents per share, which reflects a payout ratio of approximately 70% of underlying net profit after taxation but before amortisation.

amaysim achieved significant organic growth in its first six years. This was complemented by the acquisition of Vaya in January 2016, incorporating a price-fighting brand into the amaysim Group stable. The addition of Vaya into the Group created a further opportunity to capture a greater share of market segment and customers. It also gave the Group ownership of the Vaya Philippines-based operations centre, growing the Group's customer service and development capabilities.

With a tight-knit team now operating across Sydney and the Philippines, the importance of recruiting and developing people, and retaining the amaysim culture that has made it such a success, is an important factor in continuing to deliver for customers and in sustaining the Company's growth.

Looking ahead, the amaysim Group's strategy is to focus on its subscription-based revenue model, providing an exceptional and award-winning customer experience to its subscriber-base which is underpinned by industry-leading technology, growing its dual-brand strategy and continuing to leverage its Network Services Agreement with Optus. In addition, the Company will further increase its relevance in Australian households by expanding its offering into broadband. Given its strong balance sheet and asset-light model, the amaysim Group is well-placed to deliver on its strategy and I encourage you to read the Chief Executive Officer letter on pages 4 to 5 setting out an overview of the business development.

I would like to take this opportunity to thank the founders, Rolf Hansen, Peter O'Connell, Christian Magel, Andreas Perreiter and Thomas Enge, for bringing amaysim to the doorstep of the initial public offering. They remain shareholders and keen supporters of the management, Julian Ogrin and his team, who in turn should be congratulated for successfully managing the Company's transition to public life.

Welcome also to our Board of Directors, whose depth of experience across telecommunication, retail, wholesale, marketing, technology and financial services, has and will continue to add tremendous value to the Company's business.

The amaysim Group is committed to delivering value to its shareholders through sustainable growth and by leveraging its capital light, online customer engagement model. I am pleased to report that the outlook for the coming year is promising, with a solid "amazingly simple" brand platform that clearly differentiates the amaysim brand in the mobile services market, an increasingly popular subscription-based recurring revenue model and a strong, satisfied customer base on which we can grow through 2017 and beyond.

Andrew Reitzer

Chairman

Chief Executive Officer Letter

At its core, amayism delivers an award-winning customer experience underpinned by technology.

I am pleased to present to our shareholders a positive full year result in our first year as a publicly listed company of $35.4 million underlying EBITDA across the amaysim Group, strong gross profit and gross margin, low average monthly customer churn at 2.5% and a final unfranked dividend of 5.3 cents per share.

We have worked hard throughout the year to cement the amaysim Group as a leading challenger to the incumbent telecommunications providers. We have delivered on guidance, while creating further strategic opportunities for growth. The amaysim Group's performance – and asset-light business model which generates strong cash flow – demonstrates our ability to continue to acquire new customers with an appealing, competitive and profitable suite of products, identify strategic acquisitions and to increase do-it-yourself online customer engagement.

In particular, we have capitalised on amaysim's significant organic growth to date with the acquisition of Vaya, and grown the subscriber base across the amaysim and Vaya brands.

I would like to take this opportunity to take you through some of the highlights from the period, as well as our strategy for continued growth and development of the amazingly simple amaysim approach to telecommunication services.

Firstly, like many other leading global technology disruptors, amaysim brings fresh thinking to an established service, creates a truly customer-centric online experience and leverages a **subscription-based recurring revenue model**. Eighty-three per cent of payments are now made online monthly and 44% of customers activate online across the Group. We are constantly reviewing our amazingly simple plans in order to maintain a compelling market position, with the results speaking for themselves. amaysim recorded the lowest level of industry complaints, according to the Telecommunication Industry Ombudsman's contextualised complaints April through June 2016, and we continue to see ongoing reduction in our customer churn, increasing customer lifetime value.

[vaya]

The acquisition of Vaya in January of this year, gave us access to a **dual-brand strategy and a dual-located customer experience and web development structure**. The transaction supports the Company's acquisition criteria of financially compelling metrics and strategic fit. We have successfully completed the integration of Vaya and enhanced its suite of plans.

In August 2016, Vaya launched Australia's cheapest unlimited plan, a leading offering in an increasingly crowded market-place and one that successfully positions Vaya as the "street fighter" brand. On top of this, the amaysim team has brought its customer-centric approach into Vaya, resulting in a very significant decrease in complaints to the TIO about Vaya in the last quarter of the 2016 financial year.

In addition, we have integrated Vaya's Australian team into the Sydney office and revamped the Philippines contact centre. The latter provides a seamless extension to our amaysim customer service structure and provides essential in-house web development capabilities.

At its core, amaysim **delivers an award-winning customer experience underpinned by technology**. This technology-based approach, combined with our in-house development team, allows us to automate many customer and back-end processes to make for a simple, lighter touch customer experience when compared with other service providers.

Our first year as a listed company has been about staying focused on the mobile-driven technology disruptor model, continuing to engage and service customers through our self-service app and website to create a truly do-it-yourself 'telco in your pocket' experience. This ongoing focus saw amaysim again awarded the Canstar Blue Customer Satisfaction Award in the Mobile Phone Plans – SIM Only category for its UNLIMITED one-decision mobile plan range.

This approach is backed by **our strategic Network Services Agreement (NSA) with Optus, the terms of which give us a stable platform which is key for long-term profitability and competitiveness**. Our strong and mutually beneficial relationship with Optus includes a fixed annual review of pricing, as well as a discretionary price review throughout the year.

The NSA supports the amaysim Group in continuing to improve its portfolio of simple, compelling and commercially sustainable mobile plans in a dynamic market, allowing the Company to protect its brand attributes of BYO, SIM-only no contract mobile services. For example, more than once in the last financial year we improved our plans through increased data allowances and the addition of international inclusions. Importantly, the strength of our relationship with Optus ensures access to future mobile services technologies as they become available.

Expanding further into Australian households is a key pillar in our business strategy, and amaysim's recent move into broadband provides the Group the opportunity to capture a greater share of household budget. Driven in part by customer demand, the provision of broadband is a natural extension of our services. In order to capitalise on the timing of exponential growth in the National Broadband Network (NBN) and an upcoming once-in-a-generation forced churn event which will see nine million premises ready for NBN service in FY2018[1], the Company purchased Australian Broadband Services Pty Limited (AusBBS) post 30 June 2016. With this acquisition amaysim gained access to a proven proprietary technology platform, purpose built for broadband. Culturally it is a great fit with the amaysim business and I am delighted to welcome the AusBBS employees to the team.

We believe that the amaysim Group will continue to benefit from an **asset-light business model positioned to drive strong earnings and cash flow growth**. During the period, we grew our gross profit to $85.4 million (compared with $59.5 million in FY2015), and it will continue to be supported through a strong NSA, growing online engagement and platform scalability.

In addition to supporting growth, this business model has seen amaysim deliver interim and final dividends in its first year of listed life.

At amaysim we have a fantastic culture which centres on our four key values of agility, simplicity, reliability and empathy. I am delighted to say that we have kept the focus on these values and our culture during the year with a strengthened senior management team through a combination of internal promotions and select external senior hires. On that note, I would like to give a heartfelt thanks to each and every team member of the amaysim Group for their hard work during the period and for their role in delivering a successful set of results, great customer experience and a dividend to our shareholders.

Julian Ogrin

Chief Executive Officer

1. NBN Corporate Plan 2016

Operational Overview

Highlights

- Subscriber growth as the structural trend of BYO growth continues
- Successful leverage of Network Services Agreement to maintain profitable competitiveness in a dynamic year
- Operational efficiencies gained through a scalable business model and online leverage across marketing, customer experience and operations
- Acquisitions broadening the addressable market and extending the Group's offerings
- Strong free cash flow which afforded dividends and acquisition opportunities

Setting the pace with compelling plans and subscriber growth

The BYO handset mobile services market continued to grow throughout the financial year. According to Telsyte, over 85% of Australians own a smart device[1], with 65% of people switching providers choosing no lock-in contract plans[2].

As the amaysim Group capitalised on the growth of the BYO category which amaysim pioneered, the Group subscriber base closed at 966,000 as of 30 June 2016, rising to over 985,000 as at 18 August 2016. Putting this into market perspective, the Group now accounts for over one quarter of the MVNO market and 3% of the total mobile services market.

This growth was driven by the Group's compelling plans which set the pace in a broadening addressable market, across price-points ranging from $15 for the wallet-conscious to $50 for the data-hungry.

Solid net subscriber additions in a dynamic market came through a combination of smart, data-driven marketing, brand activity around the 'amazingly simple' platform and an ongoing focus on customer experience and the average monthly churn reduction. This customer-centricity is evident in churn levels across the Group falling from 3.5% to 2.5% year-on-year, as well as the amaysim brand achieving industry-high customer satisfaction levels.

Network Services Agreement (NSA)

The strength of the Group's NSA with Optus was yet again validated in FY16. The Group leveraged its two price reviews per year to maintain a competitive edge in a dynamic market. The results are evident in the ongoing refresh of amaysim's suite of one-decision plans and Vaya's market leading plans. amaysim's portfolio was strengthened in November 2015 and March 2016 with new products, extra data and international voice and SMS inclusions. Vaya's plans were improved in February 2016, and again after the end of FY16 in July and August.

This ongoing refresh of plans was executed while maintaining strong gross margins across the Group, resulting simultaneously in increased subscriber value and commercial returns.

Operational efficiencies gained through a scalable online-driven business model

The Group continued to focus on driving efficiencies through multiple levers, including its online-driven business model and technology-led scalability. Recurring online subscription based payments made up 83% of all payments received in FY16. This reflects the growing relevance of the Group's subscription-based recurring revenue model favoured by leading global technology disruptors.

This model is supported by a simple-to-use online platform which allowed the Group to scale and serve an established and growing subscriber base. Over the year, amaysim's LiveChat customer satisfaction month-on-month average exceeded 94% and more than 89% of amaysim subscribers said they would recommend the brand to their friends and family. This further illustrates that the Group's increasingly online business model continued to resonate with a growing audience.

Online performance marketing and acquisition activity, along with a disciplined approach to attracting quality subscribers, also factored into the Group maintaining a low cost per acquisition.

Strong free cash flow generation enabling acquisitions and dividend payments

The full year result is characterised by strong free cash flow generation that has enabled the successful acquisition of Vaya, and the payment of interim and final dividends.

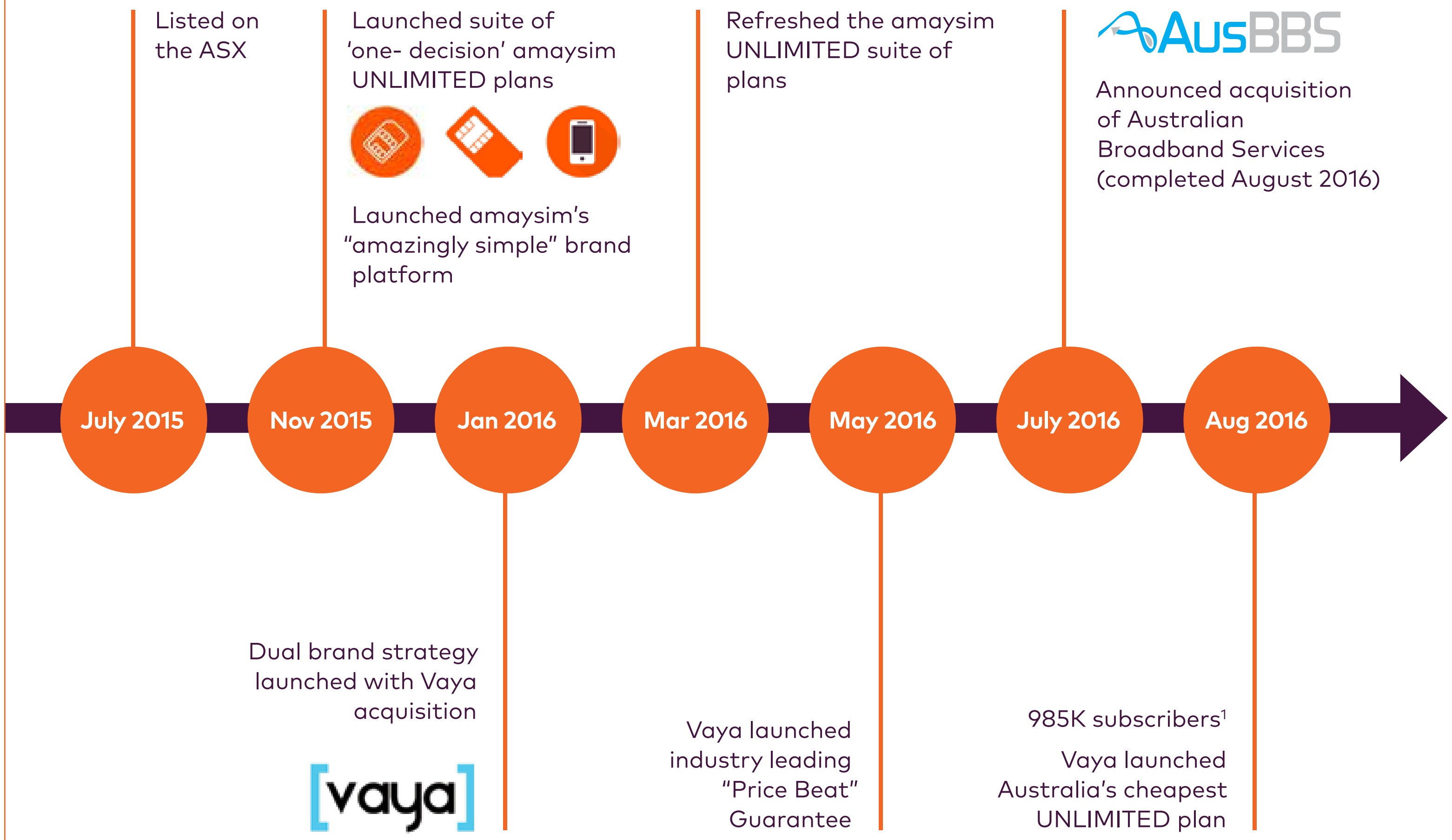
In January, amaysim completed the acquisition of Vaya, a price-fighting brand in the sub-$30 segment, bringing a pure value proposition to the Group's portfolio.

1. Telsyte Australian Digital Consumer Study 2016; over 85% of 19.3 million Australians aged 16 years and over
2. Telsyte Australian Mobile Services Market Study 2016

With the amaysim brand focussing on being the customer experience champion in the $25-50 price point, the addition of Vaya to the Group brings even more value to the simple online subscription model that is becoming the norm for a smartphone-obsessed nation. It is worth pointing out that the Group's lower ARPU of $25.24 is a reflection of this changing product mix, with Vaya's growing presence in the sub-$30 market, which also broadened the Group's addressable market.

Following the year end, the Company announced the completion of the acquisition of AusBBS, with an accelerated strategy into home broadband. The broadband market is a natural extension of the Group's mobile customer experience philosophy and answers the ongoing requests by amaysim's mobile subscribers for the company to provide broadband services. The strategy speaks to the Group's agility in staying compelling to its customers through delivering its amazingly simple approach across broader products and to even more Australian households.

An amaysim Year



1. As at 18 August 2016

Dividends

Consistent with the dividend policy included in the Prospectus, the Directors declared a final dividend of 5.3 cents per share on 18 August 2016, unfranked with payment on 7 October 2016.

The following table includes information relating to dividends paid or declared in respect of FY16:

Type	Cents per share	Total amount $'000	Date of payment
In respect of the current financial year			
Interim	3.0	5,351	14 April 2016
Final	5.3	9,716	7 October 2016
Total	**8.3**	**15,067**	
In respect of the previous financial year	NIL		

In line with the Prospectus, it is the intention of the Board to continue to target a dividend payout ratio of between 60%-80% of amaysim's Underlying NPATA subject to available profits and the financial position of the business (Dividend Policy).

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.

Corporate Governance Statement

The Board of Directors of the Company is responsible for the overall governance of the Company and its subsidiaries (together the "Group").

In order to promote stakeholder confidence and protect shareholder value, the Company is committed to ensuring it maintains a corporate governance system reflective of best practice. Accordingly, the Company has established a framework for overseeing the Group's corporate governance which is designed to comply with regulatory requirements applicable to entities listed on the ASX.

The Company's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition) (the "Principles"). The Principles are outlined below, with the corresponding section of this Corporate Governance Statement addressing amaysim's practices provided for ease of reference.

ASX Corporate Governance Principles and Recommendations	Section reference in this statement
Principle 1 – Lay solid foundations for management and oversight	All sections
Principle 2 – Structure the Board to add value	Sections 1 and 2
Principle 3 – Act ethically and responsibly	Section 3
Principle 4 – Safeguard integrity in corporate reporting	Section 5
Principle 5 – Make timely and balanced disclosure	Sections 4 and 5
Principle 6 – Respect the rights of security holders	Section 4
Principle 7 – Recognise and manage risk	Section 5
Principle 8 – Remunerate fairly and responsibly	Section 6

This Corporate Governance Statement reports the Company's implementation of its corporate governance since listing on the ASX. We intend to regularly review our governance arrangements as well as developments in market practice, expectations and regulation. This statement, together with our ASX Appendix 4G, have both been lodged with the ASX.

More information on specific matters to note in relation to our current corporate governance arrangements, including policies and charters, can be found on the "Corporate Governance" page of the Company's website: https://investor.amaysim.com.au/irm/content/corporate-governance.aspx?RID=353.

This statement provides an outline of the main corporate governance policies and practices the Company had in place during FY16 and how the Company's framework aligns with the Principles (unless otherwise noted).

This statement has been approved by the Board of Directors of the Company and the information contained herein is correct as of 23 September 2016. Unless otherwise noted, the policies and practices were in place from 15 July 2015, being the date of listing for the entity.

1. Laying solid foundations

Shareholders should refer to the Corporate Governance section of the Company's website for a comprehensive list of governance documents.

The Board Charter governs the operations of the Board and sets out the Board's roles and responsibilities, composition, structure and membership requirements. The Board Charter also sets out the responsibilities delegated to the CEO and the management team.

1.1 Responsibilities of the Board

The Board is responsible for providing strategic direction, defining broad issues of policy and overseeing the management of the Company to ensure it is conducted appropriately and in the best interests of Shareholders.

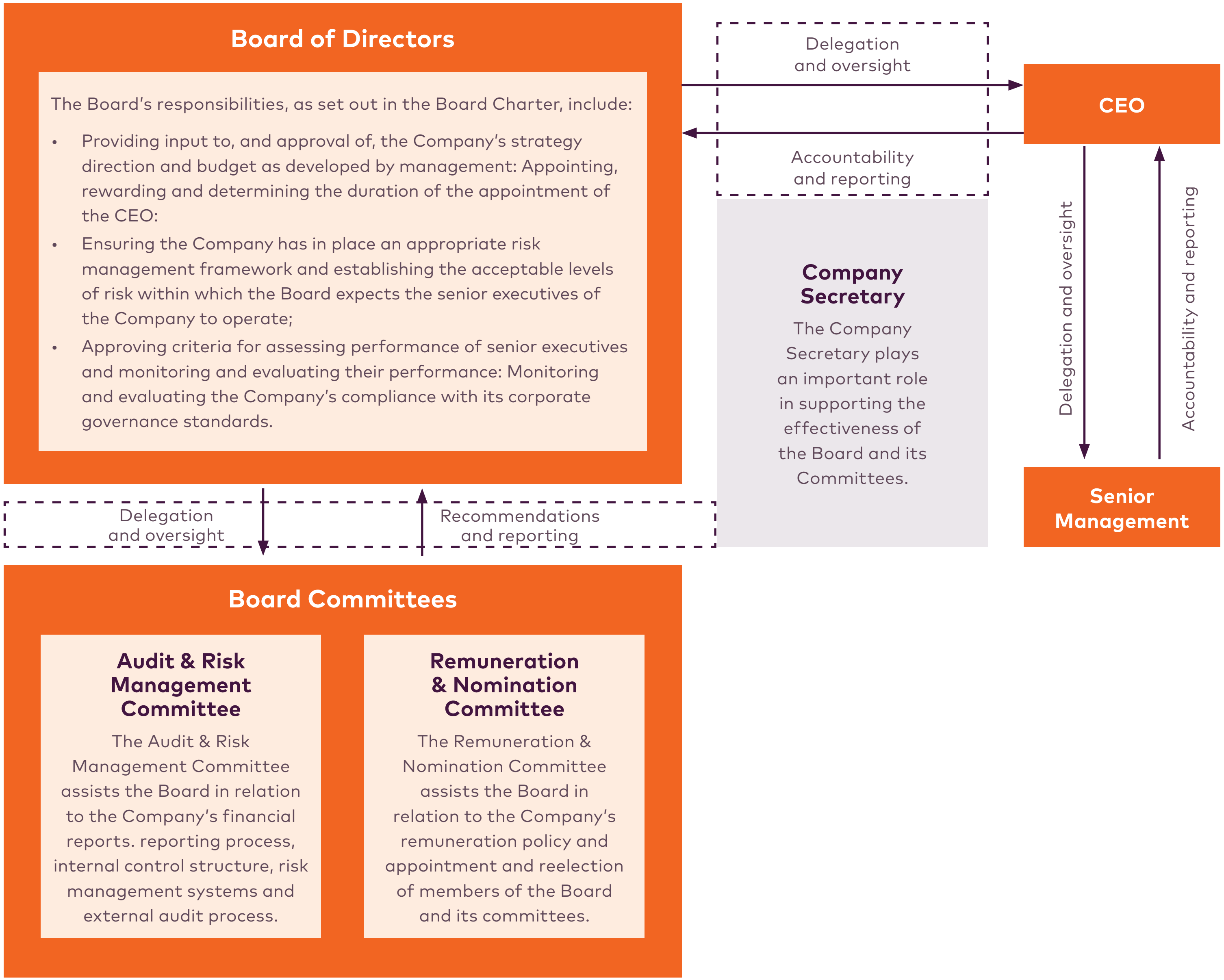
In summary, the Board is responsible for managing the affairs of the company, including its financial and strategic objectives; evaluating, approving and monitoring the Company's annual budgets and business plans; approving and monitoring major capital expenditure and all major corporate transactions, including the issuance of any Company securities; and approving all financial reports and material reporting and external communications by the Company in accordance with Company's Communications Policy.

The Board has delegated certain responsibilities and authorities to the CEO and management team to enable them to conduct the Company's day-to-day activities. The management team's role is to support the CEO and to implement the running of the general operations and financial business of the Company. This includes developing business plans, budgets and strategies and operating amaysim's business within the parameters set by the Board from time to time.

The Company Secretary is accountable to the Board through the Chairman and will be responsible for the proper functioning of the Board and the Board Committees.

All of the Company's Directors and senior executives have entered into written agreements with the Group setting out the terms of their appointment.

The diagram below sets provides an overview of the Board, committee and management framework at the Company.



Corporate Governance Statement
continued

1.2 Board composition and Director independence

The Chairman is Andrew Reitzer, who is an independent and non-executive Director.

The Managing Director and CEO is Julian Ogrin.

With the exception of Mr Ogrin, Mr Peter O'Connell and Mr Rolf Hansen, the Board is of the view all Directors are independent Directors. The Board therefore comprises a majority of independent, non-executive Directors.

The Board considers the composition of the Board reflects an appropriate range of independence, skills and experience. The current Board is also relatively new, having formed immediately prior to the Company's listing on the ASX on 15 July 2015.

The Board will regularly assess the independence of each Director in light of the interests disclosed by them from time to time. That assessment will be made at least annually at, or around the time, the Board considers candidates for election to the Board, and each Director is required to provide the Board with all relevant information for this purpose.

The independence of Directors was considered leading up to the Company's listing on the ASX and in the preparation of the accompanying prospectus material. To the best of the Board's knowledge, there have been no material changes in FY16 which would change this.

If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market. The Company is of the opinion that no currently independent Director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles that would compromise the independence of that Director.

1.3 Skills and diversity of the Board

The Company has developed a skills matrix which sets out the mix of skills and diversity currently reflected in its membership.

The Board recognises that for the effective governance of the business, a diverse set of skills, backgrounds, knowledge and experience, is required. The Board and its Remuneration and Nomination Committee focus on ensuring the Board maintains the appropriate balance of experience, skills, independence and knowledge which is needed to meet its responsibilities in accordance with recognised governance standards.

The skills were determined by reference to what is considered important for the management of a publicly listed company and skills specific to the industry in which the Group operates.

The following table sets out the experience and skills deemed necessary or desirable by the Board in the Company's Directors and whether they are represented on the Board.

Skills Matrix:

Competency	Requirements Overview	Board experience
Legal	Legal Experience	☑
Technology	Knowledge of IT Governance including privacy, data management and security	☑
Finance	Experience in accounting and finance	☑
Human resources	Experience in managing human capital; remuneration and reward, industrial relations, safety, strategic workforce planning	☑
Risk and compliance	Experience in identifying and managing risks as they relate to an organisation, managing regulatory compliance	☑
Acquisitions and integration	Experience in acquisitions and post-acquisition integration	☑
Debt and equity raising	Experience in capital raising	☑
Multi-country experience	Experience gained in positions outside Australia	☑
Large enterprise experience	Experience gained within a large enterprise	☑
Non-executive Director experience	Experience in this capacity	☑
Executive Director experience	Experience in this capacity	☑
Executive management	Experience at an executive level including the ability to appoint and evaluate executive performance and lead organisational change	☑
Commercial experience	Possess a broad range of skills across communications, marketing and business operations	☑
Telecommunications sector	Senior management level experience within the telecommunications sector	☑

1.4 Induction and training

In accordance with the Board Charter and the Remuneration and Nomination Committee Charter, the Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

The Company Secretary and the Company's head of human resources will help to organise and facilitate the induction and professional development of Directors from time to time.

1.5 Performance evaluation

The Company is committed to carrying out periodic Board performance evaluations. The Remuneration and Nomination Committee has been established by the Board to assist the Board in reviewing the performance of senior executives and members of the Board at least annually.

This process includes undertaking an evaluation of the performance of the Board, each Board Committee and individual Directors, comparing their performance with the requirements of the Board Charter, relevant Board Committee Charters and the reasonable expectations of individual Directors.

On the basis the Company's Board is relatively new and FY16 was the Company's first as an entity listed on the ASX, a formal review was not considered necessary for this reporting period.

However moving forward, it is intended annual internal reviews will consist of peer-assessments, where each individual Director assesses the performance of each other Director and the Chairman, both in their roles as Directors and Committee members. It is the Chairman's role to assess performance of individual Directors and of the overall Board.

In addition to evaluating the performance of the Board, the Remuneration and Nomination Committee is also responsible for developing and implementing a plan for identifying, assessing and enhancing competencies of senior executives and non-executive Directors.

The Company undertakes 360 degree reviews of all staff, including its senior executives. In addition, the Board and its Committees regularly include time without management as an agenda item, allowing for discussion and consideration of senior executive and Board and Committee performance. The Company regularly undertook these informal reviews during FY16.

In addition, the remuneration structure (including the legacy employee share rights plan, Long Term Incentive Plan and Short Term Incentives) focuses on rewarding performance over and above expectations and various performance indicators (refer to the Remuneration Report as applicable).

1.6 Director succession planning

The Board, together with the Remuneration and Nomination Committee, plans for its own succession by:

1. considering the skills, backgrounds, knowledge and experience, and gender diversity necessary to allow it to meet the Group's objectives;
2. assessing the skills, backgrounds, knowledge, experience and diversity currently represented;
3. identifying any inadequate representation of the above attributes and establishing a process necessary to ensure a candidate is selected who brings them to the Board; and
4. assessing how Board performance could be enhanced.

The Committee will continue to ensure the Board monitors its succession requirements and implements an approach to Board renewal through a regular cycle of Director elections.

2. Board Committees

2.1 Composition and responsibilities of Committees

As at the date of this statement, the following standing Committees have been established to assist the Board in carrying out its responsibilities:

1. Audit and Risk Management Committee; and
2. Remuneration and Nomination Committee

Each Committee is governed by a formal charter approved by the Board documenting composition and responsibilities. Copies of these Charters are available on the Company's website.

The table over the page on page 14 outlines the composition and responsibilities of each of these Committees.

Corporate Governance Statement
continued

	Audit and Risk Management Committee	Remuneration and Nominations Committee
Composition	The Audit and Risk Management Committee is currently comprised of three Non-Executive Directors, a majority of whom are independent Directors (including an independent Director as Chair). Certain members of management, external advisors and the external auditor may attend meetings of the committee by invitation of the committee Chairperson.	The Remuneration and Nomination Committee is currently comprised of three Non-Executive Directors, a majority of whom are independent Directors (including an independent Director as Chair). Certain members of management and external advisors may attend meetings of the committee by invitation of the committee Chairperson.
Roles and responsibilities	The committee will assist the Board in carrying out its corporate governance and oversight responsibilities in relation to the Company's financial reports, financial reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process. Under the charter, it is the policy of the Company that its external auditing firm must be independent. The committee will review and assess the independence of the external auditor on an annual basis. The Committee meets on a regular basis to: • review and approve external audit plans; • review and approve financial reports; and • review the effectiveness of the Company's compliance and risk management functions.	The main functions of the committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity and expertise to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the Company: • has coherent remuneration policies, procedures and practices which enable the Company to attract, motivate and retain appropriately skilled and diverse Directors and executives; • fairly and responsibly remunerates Directors and executives; • evaluates the performance of the Board, individual Directors and executives; and • conducts appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.
Membership as at 30 June 2016	• Maria Martin (Independent, Non-executive Director and Chairperson); • Thorsten Kraemer (Independent, Non-executive Director); and • Rolf Hansen (Non-executive Director).	• Andrew Reitzer (Committee Chairperson and Independent, Non-executive Chairman); • Jodie Sangster (Independent, Non-executive Director); and • Peter O'Connell (Non-executive Director).

The Board believes all Directors should attend meetings of the Board and all meetings of each Committee of which a Director is a member. During FY16, participation by Directors in meetings of the Board and Committees is outlined below.

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
Scheduled meetings	6		4		4	
Unscheduled meetings	8		–		–	
	A	B	A	B	A	B
Andrew Reitzer	13	14	4*	–	4	4
Julian Ogrin	14	14	4*	–	4*	–
Rolf Hansen	12	14	4	4	1*	–
Thorsten Kraemer	13	14	4	4	2*	–
Maria Martin	14	14	4	4	3*	–
Peter O'Connell	14	14	–	–	3	4
Jodie Sangster	14	14	1*	–	3	4

A = Number of meetings attended.
B = Number of meetings held during the time the director held office.
* = Indicates that Director is not a member of a specific committee and attended by invitation or as an alternate committee member.

3. Acting ethically and responsibly

Relevant governance document:

- Code of Conduct

3.1 Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

All employees of the Company (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

The Code of Conduct is available on the Company's website on the "Corporate Governance" landing page.

4. Engagement with Shareholders

Relevant governance documents:

- Communications Policy
- Continuous Disclosure Policy

4.1 Communication with our investors

The Company has designed and implemented an investor relations program which facilitates effective two way communication with investors. The Company communicates with its Shareholders:

- by making timely market announcements;
- by posting relevant information on to its website;
- by inviting Shareholders to make direct inquiries to the Company; and
- through the use of general meetings

Shareholders are encouraged to attend general meetings, and notice of such meetings will be given in accordance with the Company's Communications Policy, Constitution, the Corporations Act, and the ASX Listing Rules. Shareholders are also encouraged to contact the Company via its website which has a dedicated "FAQs" page.

Shareholders may elect to receive information from the Company and its registry by post. Otherwise, the Company and its registry will communicate electronically with shareholders who have not elected to receive information by post.

The Company encourages all of its Shareholders to receive information electronically as this reduces costs, waste and is better for the environment.

5. Risk management and reporting

Proper management of the Company's risks is an important priority of the Board. The Board has adopted a Risk Management Policy appropriate for its business which includes that the Board or Committee of the Board will review the entity's risk management framework at least annually.

This policy highlights the Company's commitment to designing and implementing systems and methods appropriate to identify, minimise and control its risks.

Relevant governance documents:

- Audit and Risk Management Committee Charter
- Risk Management Policy

The Board is responsible for establishing risk parameters, overseeing and approving the risk management system and monitoring its effectiveness. The Board may delegate these functions to the Audit and Risk Management Committee or a separate risk committee in the future. The Board will regularly undertake reviews of its risk management procedures to ensure that they comply with its legal obligations. The Board has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

The Company's risk management framework includes various internal controls and written policies, such as policies regarding authority levels for expenditure, commitments and general decision making and policies and procedures relating to health and safety to ensure a high standard of performance and regulatory compliance.

Communication to investors of any material changes to the Company's risk profile is covered by the Company's Continuous Disclosure Policy.

For additional information on the Company's risk management framework and the review undertaken in relation to FY16, please refer to our Annual Report.

Corporate Governance Statement
continued

5.1 CEO and CFO declarations

Before the Board approves the Company's financial statements for a financial period, the CEO and CFO are required to issue a written declaration to the Audit and Risk Management Committee that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

5.2 External audit

Under the Audit and Risk Management Committee Charter, the Committee will make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the external auditors and resolution of disagreements between management and the auditor regarding financial reporting. The Committee will also consider the scope and adequacy of the external audit.

The Audit and Risk Management Committee Charter contains a requirement for the external auditor to attend the AGM and to be available to answer questions relevant to the audit.

5.3 Internal audit

The Audit and Risk Management Committee is responsible for overseeing processes to ensure there is an adequate system of internal control, reviewing internal control systems and the operational effectiveness of the policies and procedures related to risk and control.

Given the size of the Company, it does not have an internal audit function. However, this position will be reviewed by the Committee from time to time and may change if the size of the Company materially changes.

The Committee will ensure that the Board is made aware of audit, financial reporting, internal control, risk management and compliance matters which may significantly impact upon the Company in a timely manner and will be responsible for the appointment and removal of the head of the internal audit function or engage external parties to provide internal audit services to the Company.

5.4 Disclosure obligations

The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company has adopted a Continuous Disclosure Policy, which establishes procedures aimed at ensuring Directors and executive management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

The Company complies with its continuous disclosure obligations by ensuring that price sensitive information is identified, reviewed by management and disclosed to the ASX and any applicable regulators in a timely manner and that all such information is posted on the Company's website as soon as possible after disclosure.

The Company Secretary manages compliance with the Company's continuous disclosure obligations and communications with applicable regulators.

5.5 Sustainability

For additional information the Company's exposure to material risks and, how it manages or intends to manage these risks, please refer to the "Risks" section of this report.

6. People and remuneration

The Company has developed a set of key cultural values: simplicity, empathy, agility and reliability. These cultural pillars helped build amaysim and the Company's strong culture. The pillars and our remuneration practices enable us to attract and retain high quality directors and senior executives while aligning the interests of these individuals with the creation of value for security holders.

We regularly review skills, offer training programs to fill perceived gaps, and foster continuous improvement of our people.

6.1 Diversity

The Company is proud of its diverse and inclusive workplace and team which is made up of individuals with diverse skills, values, experiences, backgrounds and attributes. The Company is committed to developing measurable objectives to further promote gender diversity and inclusion in its workplace.

The Company has implemented the Diversity Policy which is overseen by the Remuneration and Nomination Committee and which aligns the Company's management systems with its commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board.

In order to transform its diversity goals into achievable outcomes, the Company intends to consider the implementation of measurable objectives for achieving gender diversity across the organisation moving forward. It is intended these objectives will complement policies already in place which facilitate the development of a diverse workforce.

Given FY16 is the first reporting period for the Company as an ASX listed entity, the Remuneration and Nomination Committee deferred assessing the baseline diversity profile of the Company's workforce to enable the Committee to formulate measurable objectives which are best targeted towards achieving diversity. For this reason, the Company has not yet formulated measurable objectives, however it reiterates its commitment to maintaining a diverse workforce.

Gender Diversity statistics as at 30 June 2016 are outlined in the following table.

Level	Number of directors/ employees at 30 June 2016	Number of women at 30 June 2016	Percentage of women at 30 June 2016
Board composition (NEDs)	6	2	33%
Senior Executives (incl. CEO)	4	1	25%
Managers/Team Leaders	25	8	32%
Non-management	122	51	42%
All employees (excl. Board)	152	60	40%

For the purpose of determining the above statistics, the Company considers "Senior Executives" to be those individuals defined as "key management personnel" in the Company's Remuneration Report for FY16, namely Julian Ogrin, Leanne Wolski, Julian Dell and Andrew Balint.

6.2 Executive succession planning

The Remuneration and Nomination Committee meets on a regular basis to discuss and consider executive succession planning.

6.3 Equity-based remuneration scheme

Under the Company's Remuneration Policy, the entry into transactions which limit the economic risks of participating in an equity based remuneration scheme is not permitted unless the contemplated transaction is permitted under the Securities Trading Policy.

The Securities Trading Policy expressly prohibits Directors and all employees from using, or allowing to be used, any derivatives or other products which operate to limit the economic risk of unvested Company securities.

Further, no Director or employee may enter into a margin loan or similar funding arrangement to acquire any Company securities, or grant lenders any rights over their Company securities without first obtaining prior written approval.

6.4 Remuneration for non-executive directors

As noted above, the Board maintains a Remuneration and Nomination Committee responsible for making recommendations to the Board regarding remuneration. The Remuneration and Nomination Committee Charter is available on the Company's website.

The Remuneration and Nomination Committee Charter forms the basis for the Company's remuneration policies and procedures.

The policies regarding remuneration of non-executive Directors and the remuneration and employment arrangements of executive directors are disclosed separately in this Report.

Other information

This Corporate Governance Statement has been approved by the Board of amaysim Australia Limited and the information contained in it is current as at 23 September 2016, unless stated otherwise.

This statement, together with our 2016 ASX Appendix 4G (which is a checklist cross-referencing the ASX Recommendations to the relevant disclosures in this statement and our website (our ASX Appendix 4G)), have both been lodged with the ASX on 23 September 2016. This statement and our ASX Appendix 4G can be found on the "Corporate Governance" page of our Investor Centre https://investor.amaysim.com.au/irm/content/corporategovernance.aspx?RID=353.

More information on our governance arrangements, including our Board and Board Committee Charters and key policies, can also be found on our Investor Centre.

Risks

The amaysim Group operates in a rapidly changing environment characterised by profound change in the way people connect and communicate.

Risk management

The Company operates within a highly competitive, technology based industry and is exposed to a range of risks that have the potential to impact on our financial, operational and strategic business performance. Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies.

Board responsibility

The Board is responsible for establishing acceptable levels of risk within which the Board expects management of the Company to operate, risk management and reporting. This includes ensuring the Company has in place an appropriate risk management framework, reviewing and ratifying the Company's systems of internal compliance and approving and monitoring material internal and external financial and other reporting.

Audit and Risk Management Committee

The Audit and Risk Management Committee has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process and internal control structure, risk management systems (financial and non-financial) and the internal and external audit process.

Accordingly, the Committee meets on a regular basis to:

a. review and approve external audit plans;
b. review and approve financial reports; and
c. review the effectiveness of the Company's compliance and risk management functions.

Risk Management Framework

The amaysim Risk Management Framework enables the strategy by establishing the processes, structures and culture to identify, assess, treat and monitor various risks. The key elements of this framework include:

a. The Board, and CEO who provide ultimate oversight and accountability for risk management and set the risk parameters through an agreed "Risk Appetite Statement". This statement is a process through which the Board has identified and agreed on the material business risks and has determined its appetite in respect of each of these material business risks (set out below in more detail).
b. The Audit and Risk Committee assists the Board in fulfilling its corporate governance and oversight responsibilities.
c. Responsible managers who operationalise and work within the agreed risk parameters.
d. The Company's disciplined staff who are empowered to identify and manage risk on a day-to-day basis.

The "Risk Management Framework"

Any new risks that are identified are brought to the attention of the management team, the CEO and the Audit and Risk Management Committee on an ongoing basis. Material risks are escalated to the Board.

Material business risks

The Company is committed to the proactive identification and management of material risks by way of a Board risk appetite survey. The following information represents a summary of those identified material risks and the applicable management strategies in respect of each risk. These risks are not all encompassing, nor listed in any order of significance. Except as described in the table on the following page, the Company does not consider that it has a material exposure to economic, environmental or social sustainability risks.

Material Business Risks	Management Strategy
Industry, market & structure Inability to keep pace with changes in industry or that market disruption will reduce the Group's ability to compete and grow revenue.	Our market and how we operate in it is important to our ongoing success as a value-led, disruptive, technology focussed and asset light business. We manage our exposure to this risk by proactively monitoring changes in our industry, new participants and products. We continue to invest in data-analytics and IT platforms that help us understand our current and potential customers better, as well as our competitors' behaviours. These investments support our strategy, which focusses on innovation and a continual assessment of the relevance and effectiveness of products to ensure that we deliver on our customers' expectations.
People, culture & change management Inability to maintain and develop the culture and people capability to enable the change required for subscriber and business growth.	We have a strong emphasis on our values-led culture, which we strive to live everyday with our staff, our customers and our business partners. Our values of simplicity, empathy, agility and reliability enable our people to think innovatively and to ensure that our products are relevant to our target markets. Knowing that our people enable our success, an important part of how we mitigate this risk is to maintain a culture of recognition, talent identification and development.
Business critical systems (internal & external) Failure to adequately respond to internal and external system issues affecting service delivery.	We know that service reliability is very important to our customers. As an MVNO, we are reliant on our network service providers to work with us to quickly identify and remediate network issues. For our internal systems, we continue to invest in the development of our systems' resilience and capabilities. We have implemented and regularly test our Business Continuity Plan and Disaster Recovery Plan strategies.

Material Business Risks	Management Strategy
Data security and integrity There is a risk that our brand equity may reduce because of an actual or perceived lack of integrity and or security in data and software infrastructure.	Our customers' privacy and data security is very important to us, and we are continually working to develop and refine our security systems. As part of our Payment Card Industry Data Security Standard requirements we, recently implemented a project to install advanced security and monitoring measures across all IT platforms.
Innovation, disruption , diversification capabilities Failure to innovate, disrupt, or diversify the products and services offered to the market may adversely impact our ability to maintain or increase market share.	We know that unless we innovate and lead the market in value we will be unable to deliver on our brand promise. To mitigate this risk, we cultivate a culture in our people which supports ongoing innovation and product development. With agility as a core value of our company, our people have the freedom to be creative and regularly challenge what we are doing to ensure that we offer products that deliver on our brand promise, and lead the market and delight our subscribers.
Wholesale partner relationships Inability to adequately manage relationships with key wholesale providers, may impact our ability to provide some of our services and operations.	We work closely with all of our major business partners and network service providers. Our goal is to ensure that our culture and values are fulfilled and adhered to in all of our relationships.
Branding There is risk that reducing brand equity and relevance in the market may adversely impact our ability to maintain or increase market share.	We are proud of our two brands, amaysim and Vaya, and of their performance. We manage this risk through a healthy marketing budget, strong retail products and a focus on technology led, DIY service.
Customer experience Failure to fulfil customer expectations may limit our ability to grow our customer base.	We maintain a strong focus on customer experience and closely monitor key metrics such as social media sentiment, net promoter score, customer service satisfaction levels and TIO complaints. We mitigate this risk by making customer experience a focus of our strategy, and a key differentiator for us in the market.

Corporate Social Responsibility

The amaysim Group has a small team of innovators and entrepreneurs who strive to make a difference to customers and the wider communities in which it operates its business. Our core values – empathy, agility, reliability and simplicity – are at the heart of everything we do as a business and underpin what we believe make us a good corporate citizen.

Communities

We aim to share our entrepreneurial enthusiasm and the economic benefit created by our business with the community. Employees are encouraged to support charities or community causes that are close to their hearts, and if individuals choose to take part in an event, very often the amaysim Group is also willing to get involved in these grass-roots initiatives. This year the amaysim Group and its employees:

- Donated close to $10,000 in **free calls in times of disaster** such as Fiji's Cyclone Winston in February 2016
- Built bikes for **Bikes4Life**, a local charity whose mission is to collect, restore and provide bicycles to marginalised and impoverished communities around the world
- Donated blood quarterly as part of the **Australian Red Cross** Red25 group donation program
- Empowered Aussies to donate thousands of coffees for charity workers in Sydney and Melbourne on **Pay It Forward Day** by teaming up with fellow tech innovator Hey You
- Sponsored the **White Knight Foundation** Fundraiser Dinner to help the foundation continue its mission of providing financial and emotional support to young victims of violence and their families
- Raised over $1,000 and grew some wicked moustaches for **Movember**
- Brought the joy of Christmas to under-privileged Aussie kids by donating over 100 toys to the **Salvation Army's Christmas Appeal**

> A diverse team with a unified purpose of helping make telco simple for Aussies.

Employee matters

Employees

The amaysim Group considers its people to be its greatest asset and recognises their individual identities as an intrinsic part of the amaysim Group's not so corporate, corporate culture. Our ability to create sustainable shareholder value is linked to our ability to recruit, motivate and retain a high calibre of staff. We strive to recognise achievement and create opportunities for individuals at all levels of our business through learning and development programs, mentorship, coaching and a range of industry and in-house idea sharing. In all employee matters we act in compliance with national regulatory requirements and our obligations under relevant national and international laws.

Equal opportunity

The amaysim Group is proud of its diverse and inclusive workplace and team which is made up of individuals with diverse skills, values, experiences, backgrounds and attributes. As an Australian business headquartered in Sydney, the amaysim Group celebrates the diversity of the country and gives opportunity to, and includes, the people who are a reflection of Australia's multiculturalism. With the addition of an office in Manila, the telco has recently become a dual-located company and is excited by the added diversity its Filipino team brings to the amaysim Group business.

The amaysim Group values diversity in the workplace and believes diversity enhances employee participation and gives the MVNO a competitive advantage which is essential for organisations to continuously grow and succeed. To nurture and foster its diverse and inclusive workplace, the Company has a diversity policy and recognises ethnic, gender, marriage and age equality.

Occupational health

The Company strives to make work not feel like work, and to find creative ways of improving employee work-life balance, or what the Group prefers to call it, life balance. These include: flexibility in leave entitlements and towards study programs, to reward and motivate highly engaged team members; access to an Employee Assistance Program, a free, third party, confidential counselling service for all employees and contractors; and to support and enhance the physical wellbeing of its employees, the Company has subsidised gym memberships and selected complimentary classes. Team members also battle it out in a lunchtime competition known as 'Lunchtime Legends' and participate in events such as the annual City2Surf.

Performance and reward

The Company values all employees for their contribution to our business. We are committed to diversity and opportunities for advancement and these factors are not influenced by considerations other than performance and aptitude. Employees are provided with the opportunity and training to develop their potential and, where appropriate, to develop their careers further within the amaysim Group. We are proud that employees have been promoted through the business after starting in the customer service centre. The Company's aim is to ensure all employees are remunerated fairly and competitively. Remuneration includes competitive base salaries, a bonus scheme, birthdays off and subsidised mobile plans and devices.

Health, safety and environment

The Company conducts its business in accordance with all workplace health and safety (WHS) laws, standards and codes of practice to protect the health and safety of its employees, contractors and visitors.

The amaysim Group aims to make a positive contribution to the protection of the environment in which we operate and to minimise the adverse effects of our operations.

We also strive to contribute positively to global sustainability through our operations, the development of new technologies and in the conduct of our relationships with all our stakeholders.

Business conduct

Treatment of customers

The amaysim Group believes all Australians should have access to fairly priced mobile services. As well as its competitively priced suite of products, amaysim has a Financial Hardship Policy to protect and assist customers that fall on hard times. amaysim understands that customers will receive better service and experience when its staff are happy and motivated. To foster and nurture a mentally and physically supportive workplace, the Company has a wellbeing program which is broken down into five pillars – career, financial, personal, community and social.

Competition

We always aim to compete vigorously with our competitors, but in a fair and responsible way. We strive to ensure our success is built on excellence. Employees must not enter any arrangements or undertake practices that may conflict with codes or laws applicable to conduct of our business.

Bribery and corruption

The Company is committed to promoting and supporting a culture or corporate compliance and ethical behaviour. As such it has a whistleblowers' policy in place that encourages employees to raise any concerns and report instances of Reportable Conduct where there are reasonable grounds to support such action, without fear of intimidation, disadvantage or reprisal.

Relations with suppliers

We ensure that all our suppliers are treated fairly and responsibly. We strive to pay our suppliers on time and in accordance with agreed terms of trade.

Shareholder Information

	Investor	Units	% of Units
1	J P Morgan Nominees Australia Limited	34,563,653	18.84
2	RBC Investor Services Australia Nominees Pty Limited	20,389,907	11.11
3	HSBC Custody Nominees (Australia) Limited	17,847,490	9.73
4	Citicorp Nominees Pty Limited	14,848,324	8.09
5	UBS Nominees Pty Limited	7,879,331	4.29
6	VPB Finance S.A	6,380,000	3.48
7	Citicorp Nominees Pty Limited	5,467,396	2.98
8	Shark Holding AG	3,959,105	2.16
9	Rolf Hansen	3,867,010	2.11
10	Mr Christian Johann Magel	3,867,005	2.11
11	Mr Andreas Perreiter	3,867,005	2.11
12	Ricangus Pty Limited	3,867,005	2.11
13	Merrill Lynch (Australia) Nominees Pty Limited	2,765,126	1.51
14	BNP Paribas Nominees Pty Limited	2,248,653	1.23
15	BNP Paribas Noms Pty Limited	2,056,748	1.12
16	Ozmob Pty Limited	2,050,836	1.12
17	Telco Eight Pty Limited	2,050,836	1.12
18	Sandhurst Trustees Limited	2,000,000	1.09
19	HSBC Custody Nominees (Australia) Limited	1,941,471	1.06
20	CS Fourth Nominees Pty Limited	1,743,006	0.95
	Total	**143,659,907**	**78.30**

As at 14 September 2016

Directors' Report

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 year ended 30 June 2016 (FY16). The financial statements have been reviewed and approved by the Directors.

Directors

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

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

Company secretary

The company secretary of amaysim was Maik Retzlaff up to 20 August 2015. Alex Feldman was subsequently appointed as the company secretary on 20 August 2015.

Alex Feldman holds the position of company secretary and general counsel. Alex has been with amaysim since it listed in 2015 and is responsible for the legal and regulatory functions, as well as corporate development opportunities such as mergers and acquisitions and strategic partnerships. Before joining amaysim, Alex worked as a Senior Associate at King & Wood Mallesons, specialising in infrastructure, energy and technology.

Principal activities

The principal activity of the Group during the financial year was the provision of mobile telecommunication services. There was no significant change in the nature of the activities during the financial year.

Dividends

Consistent with the dividend policy included in the Prospectus, the directors declared a final dividend of 5.3 cents per share on 18 August 2016, unfranked with payment on 7 October 2016.

The following table includes information relating to dividends paid or declared in respect of FY16:

Type	Cents per share	Total amount $'000	Date of payment
In respect of the current financial year			
Interim	3.0	5,351	14 April 2016
Final	5.3	9,716	7 October 2016
Total	**8.3**	**15,067**	
In respect of the previous financial year	NIL		

In line with the Prospectus, 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, IPO expenses and other acquisition, integration and transaction expenses) subject to available profits and the financial position of the business (**Dividend Policy**).

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.

* Rolf Hansen and Peter O'Connell were both erroneously described on this page of the Directors' Report released on 19 August 2016 as independent directors. Consistent with the Company's prospectus, Rolf and Peter are considered to be non-independent Directors of the Company.

Review of operations

amaysim is a leading Australian online-led Mobile Services Provider (or MSP), with 966k subscribers at the end of June 2016. Since launching, amaysim has become one of Australia's fastest growing MSPs and is the fourth largest independent MSP in Australia by number of subscribers.

The amaysim Group, including Vaya Pty Limited and its subsidiaries (Vaya) which were acquired in January 2016, had an estimated 3% market share of the Australian Mobile Services market by number of subscribers as at December 2015 (according to Telstye, Australian Mobile Services report, March 2016) and 29% of the mobile virtual network operator market in December 2015 (according to the Telyste Australian Mobile Services report, March 2016).

The mobile services industry is highly dynamic. The Group's success is underpinned by agility in responding to changes and its ability to maintain product and brand relevance. As part of amaysim's successful navigation and growth in this market, the product portfolio was substantially refreshed in November 2015 and again in March 2016. Maintaining profitability while improving its products is made by possible by amaysim's strong Network Services Agreement (NSA) with Optus.

Also in November 2015, amaysim launched its 'amazingly simple' brand platform on which to market its suite of plans and its award-winning, online and DIY-driven customer experience platform.

In January 2016, amaysim announced the acquisition of Vaya, an online-only mobile virtual network operator which at the time had approximately 140k subscribers. With Vaya successfully integrated into the amaysim Group, this acquisition has given amaysim a strong dual brand strategy and broader relevance across a wider audience and in the sub-$20 market.

The acquisition of Vaya also gave amaysim ownership of Vaya's Philippines operations centre, which amaysim is developing with the view of extending its customer service team across Sydney and Manila and also expanding its tech development capabilities.

In May 2016, the Vaya brand refreshed its suite of products, garnering national media attention with its "Price Beat" Guarantee which reinforced its position as a challenger brand for cost-conscious mobile subscribers, again emphasising the benefits of the amaysim dual brand strategy.

In July 2016, soon after the completion of the 2016 financial year, amaysim announced that it had entered into a binding agreement to acquire 100% of the shares in broadband service provider Australian Broadband Services Pty Limited (AusBBS). AusBBS' technology led approach accelerates amaysim's launch into the fixed broadband market in time for the exponential growth of the NBN and other fibre networks in Australia.

Financial performance

The results of the Group for 30 June 2016 are detailed below and include the ordinary operations of the Group including Vaya which was acquired in January 2016 and has been integrated into the Group, and expenses associated with listing on the ASX and the acquisition of Vaya. amaysim views the business based on one operating segment.

A$'000 (unless stated)		FY16* Actual	FY15 Actual	Variance	Variance %
Net revenue	(i)	253,537	212,595	40,942	19.3%
Gross Profit	(ii)	85,448	59,477	25,971	43.7%
Gross Profit Margin %	(iii)	33.7%	28.0%		5.7%
Net Profit After Tax (NPAT)	(iv)	12,306	24,009	(11,703)	(48.7%)
ARPU $		$25.24	$26.12	($0.88)	(3.4%)
Closing Subscribers ('000s)		966	718	248	34.5%

* FY16 includes Vaya which was acquired on 1 January 2016.

Net Revenue is the total revenue and other income, excluding interest income.

Gross Profit is the total net revenue less network related expenses.

NPAT is the Profit/(loss) from continuing operations.

Average Revenue Per Subscriber (ARPU) calculated as statutory net revenue for the financial year divided by average subscribers for the year and expressed on a monthly base.

(i) Net revenue for the financial year of $253,537k grew $40,942k, compared to the prior year predominantly reflecting growth in subscriber base.

(ii) Gross profit growth was stronger than net revenue growth reflecting the Group's robust NSA (including the price review mechanism) and improved rate of online payments and activations.

(iii) Gross profit margin increased from 28.0% to 33.7% during the financial year due to the disciplined and active management of a number of operational levers to achieve profitable growth. These levers include the price review mechanisms under the NSA, retail price points, activities to improve churn and online engagement and encouraging a focus on self-care customer service. This is all part of the Group's online-driven business model and platform scalability.

(iv) Statutory NPAT of $12,306k for FY16 includes additional tax effected expenses of $6,043k for listing on the ASX and $1,617k for acquiring Vaya, whereas FY15 statutory NPAT included a one-off tax benefit of $12,944k due to the recognition for the first time of tax benefits associated with prior period tax losses. To understand recurring results of the business excluding these items, refer to underlying NPAT on page 26.

Directors' Report
continued

Additional financial performance information

Given the IPO expenses and acquisition costs included in the 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 supplementary 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 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.

A$'000 (unless stated)		FY16* Underlying	FY15** Pro forma	Variance %
EBITDA	(i)	35,443	16,447	115.5%
NPAT	(i)	19,966	9,547	109.1%
NPATA	(i)	22,292	10,246	117.6%
Underlying EPS (cps)	(ii)	11.3	5.8	94.8%

* FY16 results include Vaya which was acquired on 1 January 2016.

(i) **EBITDA** is the Profit/(loss) before income tax excluding interest income, depreciation and amortisation expense.
(i) **NPATA** is NPAT adding back amortisation on acquired intangible assets other than software.
(ii) **Underlying EPS** is calculated as underlying NPAT dividends by weighted average number of shares on issue.

Strong underlying results reflects growth in subscriber numbers (including the Vaya subscribers) and gross profit margin across the Group.

Reconciliation of statutory results to underlying results

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

Financial year ended 30 June 2016		EBITDA $'000	NPAT $'000	NPATA $'000
Statutory results		25,076	12,306	12,306
Add back/(deduct):				
IPO expenses	(i)	8,633	8,633	8,633
Acquisition expenses	(ii)	1,734	1,734	1,734
Income tax impact	(iii)	–	(2,707)	(2,707)
Amortisation of brand name & customer lists	(iv)	–	–	2,326
Underlying results		35,443	19,966	22,292

(i) IPO expenses relate to expenses incurred when the company listed on the ASX.
(ii) Acquisition expenses relate to transaction expenses incurred in the process of acquiring Vaya Pty Limited and related entities.
(iii) Income tax impact is the tax effect of the underlying NPAT adjustments.
(iv) Amortisation of trademarks/brand name and customer lists is the adding back of amortisation of acquired intangibles other than software.

Review of financial position

As a result of the Group's strong operating performance, capital raising during the IPO and issue of shares as consideration for the acquisition of Vaya, the Group has net assets of $32,311k (30 June 2015: net deficiency of $2,612k).

As at 30 June 2016, the Group's current liabilities of $69,823k (2015: $51,621k) exceed the current assets of $23,504k (2015: $28,542k) by $46,319k (2015: $23,079k). The increase in the net deficiency of $23,240k is primarily due to the $5,000k paid in cash for Vaya during the period and $18,376k of the Optus liability assumed as part of the acquisition of Vaya which has been classified as a current liability. This liability and the $11,230k of activation fees payable have fixed repayment terms as described in Note 1(g). Current liabilities also include deferred revenue of $7,449k for which there are no future cash outflows. The Group also has a history of generating positive operating cash flows, and fixed repayment terms with major creditors, and accordingly the financial statements are prepared on a going concern basis.

Other major movements in intangibles, other non current assets/liabilities are due to the growth in the underlying business and acquisition of Vaya.

Business risks

Like other businesses, the Group is exposed to a number of risks which may affect future financial performance. In addition to the financial risk management section below, the directors have identified the Group's material risks such as market competition and business interruption and are in the process of implementing a robust risk management framework.

Significant changes in the state of affairs

(1) Listing on the Australian Securities Exchange

amaysim Australia Limited was admitted to the Official List of the Australian Securities Exchange (ASX) on 15 July 2015 with the ASX code: AYS.

As part of the process of listing the Company, the following events were finalised:

(a) Share split

Each share (and share right) prior to the listing was split into 145 shares. The share split ensured that the number of shares acquired by successful applicants under the Offer (as contained in the Prospectus), and on issue on completion, equaled the equivalent number of shares referred to in the Group's Prospectus (and the number of share rights was appropriately adjusted to take account of the share split).

(b) Employee share rights plan

In line with the successful listing, tranche 1 of the employee share rights plan were converted into ordinary shares and consistent with the share split each right was converted into 145 shares.

(c) Capital raising

$207,000k was raised under the Offer with $194,200k to be paid to existing shareholders via SaleCo and $12,800k paid to amaysim.

(2) The acquisition of Vaya Pty Limited

On 1 January 2016 amaysim Australia Limited acquired 100% of the issued shares in Vaya Pty Limited, a mobile virtual network operator based in Brisbane, Australia. Further details of the acquisition are set out in Note 13 on pages 65 to 66 of this financial report.

Event subsequent to balance date

Acquisition of Australian Broadband Services Pty Limited

On 19 July 2016 amaysim Australia Limited entered into terms of agreement to purchase Australian Broadband Services Pty Limited. This acquisition accelerates its strategy of entering into the broadband market in order to be ready for the upcoming 'forced churn' event presented by the rollout of the National Broadband Network (NBN). Further details of the proposed acquisition are disclosed in Note 31(a).

Other than the above mentioned matters, no matter or circumstance has arisen since 30 June 2016 to the date of signing this report that has significantly affected, the Group's operations, results or state of affairs, or may do so in future years.

Likely developments

Continued demand for mobile services, the growth of the BYO-device market segment and the rollout of NBN and other fibre networks are expected to have a positive impact on amaysim's performance in financial year 2017. amaysim will continue with its strategy of capturing mobile market share, leveraging customer experience and satisfaction for retention and expanding its 'amazingly simple' brand into the home through diversification into fixed broadband.

Environmental regulation

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

Directors' Report
continued

Information on directors

The amaysim Group's Board of Directors has outstanding collective experience across the telecommunication, retail, wholesale, marketing, technology and financial services sectors.

Andrew **Reitzer**

Independent Non-executive Chairman

Experience & expertise

Andrew Reitzer has over 35 years' experience in both the retail and wholesaling industries. He is currently the Independent Chairman of SG Fleet. Andrew was the CEO of Metcash Limited from 1988 to 30 June 2013. Prior to his time as CEO of Metcash, Andrew held management roles at Metro Cash & Carry and led the establishment of Metro's operations in Israel and Russia. Andrew also served as Metro's Group Operations Director.

Qualifications

Bachelor of Commerce and a Masters of Business Administration from the University of South Africa.

Special responsibilities

Remuneration and nomination committee (Chairperson)

Interest in shares and options

83,333 Shares

Julian **Ogrin**

CEO and Managing Director

Experience & expertise

Julian Ogrin has over 20 years' experience in the telecommunications industry. Prior to joining amaysim in 2013, Julian was the CEO of Tele2 Croatia and prior to that was the Chief Commercial Officer of Meteor Mobile Communications Ireland. Julian also has senior executive experience in the telecommunications industry, which has seen him based in Sydney, London and Hong Kong with organisations such as Allphones Retail Group Australia, SAS, Vodafone and Cable & Wireless Group.

Qualifications

Bachelor of Business from the Avondale College.

Special responsibilities

None

Interest in shares and options

1,667,210 Shares Rights; 1,950,000 Options

Rolf **Hansen**

Non-executive Director

Experience & expertise

Rolf Hansen co-founded amaysim in May 2010 and was CEO of amaysim until February 2015. Prior to co-founding amaysim, Rolf worked as founder and CEO of Simyo GmbH, Germany's first no frills MVNO, which launched in May 2005 and was sold to E-Plus Mobilfunk GmbH. Rolf also has senior executive experience in the e-commerce and telecommunications industry with Letsbuyit.com, Deutsche Telekom/T-Mobile and Hutchison Telecom Germany.

Qualifications

Degree in Business Administration, specialising in Marketing and Finance.

Special responsibilities

Audit and risk management committee

Interest in shares and options

7,734,010 Shares

Thorsten **Kraemer**

Independent Non-executive Director

Experience & expertise

Thorsten Kraemer joined the Board as a Director in 2010 and has over 17 years' experience in the telecommunications industry. Thorsten has been a member of the Supervisory Board of freenet AG, a German MVNO that is listed on the Frankfurt Stock Exchange, from 2007 to 2011 and again since 2012. From 2009 to 2011, Thorsten was the Chairman of freenet AG's Supervisory Board. Thorsten has held senior roles in funds management of public and private equity and is currently the Managing Director of Crocodile Capital GmbH.

Qualifications

Degree in Business Administration and Economics from the University of Cologne.

Special responsibilities

Audit and risk management committee

Interest in shares and options

1,450,000 Shares

Maria **Martin**

Independent Non-executive Director

Experience & expertise

Maria Martin joined amaysim in 2015 and has over 30 years experience in accounting, business advisory services, risk and general management. Maria is also an Independent non-executive director of OrotonGroup Limited. Previous professional experience includes 15 years as a partner at Pricewaterhouse Coopers.

Qualifications

Bachelor of Commerce from the University of New South Wales, is a Graduate of the Australian Institute of Company Directors and a Fellow of Chartered Accountants, Australia and New Zealand.

Special responsibilities

Audit and risk management committee (Chairperson)

Interest in shares and options

16,666 Shares

Peter **O'Connell**

Non-executive Director

Experience & expertise

Peter O'Connell co-founded amaysim and was Chairman of amaysim from incorporation until June 2015. Previous professional experience includes partner at Minter Ellison and Gilbert & Tobin, Asia Pacific Counsel for BellSouth, founding a boutique advisory business in telecommunications and technology, as well as senior executive and CEO roles for large Australian organisations. Peter has served on a number of boards for private and public companies and on government boards.

Qualifications

Peter holds a Bachelor of Arts (Hons) from the University of Sydney and a LLB Bachelor of Law from Australian National University.

Special responsibilities

Remuneration and nomination committee

Interest in shares and options

7,734,010 Shares

Jodie **Sangster**

Independent Non-executive Director

Experience & expertise

Jodie Sangster has over 17 years' experience in data driven-marketing and advertising. Jodie is the CEO of the Association for Data-Driven Marketing & Advertising (ADMA). Jodie also serves as the chair of Global DMA, an organisation that represents, supports and brings together over 30 marketing associations from around the globe. Prior to joining ADMA, Jodie held senior executive roles in sales and marketing in New York and the United Kingdom.

Qualifications

Bachelor of Laws from Kingston University and a Masters of Laws from University College London.

Special responsibilities

Remuneration and nomination committee

Interest in shares and options

16,666 Shares

Directors' Report
continued

Meetings of directors

The numbers of meetings of the Company's board of directors and committees held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
Scheduled meetings	**6**		**4**		**4**	
Unscheduled meetings	**8**		**–**		**–**	
	A	**B**	**A**	**B**	**A**	**B**
Andrew Reitzer	13	14	4*	–	4	4
Julian Ogrin	14	14	4*	–	4*	–
Rolf Hansen	12	14	4	4	1*	–
Thorsten Kraemer	13	14	4	4	2*	–
Maria Martin	14	14	4	4	3*	–
Peter O'Connell	14	14	–	–	3	4
Jodie Sangster	14	14	1*	–	3	4

A = Number of meetings attended.
B = Number of meetings held during the time the director held office.
* = Indicates that Director is not a member of a specific committee and attended by invitation or as an alternate committee member.

Remuneration report

Letter from the Remuneration and Nomination Committee (Unaudited)

Dear Shareholders

On behalf of the Board, I am pleased to present amaysim's 2016 remuneration report.

Since listing on the Australian Securities Exchange (ASX) on 15 July 2015 (listing date), the Company has experienced solid growth. Underlying EBITDA has grown by 115.5%, driven by net revenue growth of 19.3% and gross profit margin of 33.7%.

Executive KMP earned 60% of their maximum STI opportunity for FY16. Despite a pleasing financial performance and sector-leading customer net promoter score (NPS) throughout the financial year, Executive KMP did not realise the full STI opportunity due to stretch targets not being met.

Following the successful listing of the Company, a portion of the Awards granted to Executive KMP under the previous Employee Share Plan vested. In addition, the first grant under the Company's new long-term incentive plan was made. Further detail regarding executive remuneration outcomes for 2016 is set out in the "Executive KMP Remuneration Outcomes for FY16" section of this report.

To support the continued growth of amaysim, while retaining and attracting top quality executives, in 2016 the Remuneration and Nomination Committee oversaw the implementation of:

- The Company's updated short-term incentive plan, including the setting of executive Key Performance Indicators; and
- A new performance-based long-term incentive plan.

The revised executive remuneration framework ensures participants are incentivised to achieve stretch targets, ensuring variable rewards are delivered for above average performance.

Given the recent changes, the Remuneration and Nomination Committee does not believe further significant changes are required to the Executive KMP remuneration framework or Non-executive Director fees in 2017. The Committee will monitor the Company's remuneration strategy and frameworks to ensure they continue to support amaysim's growth strategy.

I look forward to the opportunity to discuss this with you at the Company's Annual General Meeting.

Yours sincerely,

Andrew Reitzer

Chair - Remuneration and Nomination Committee

Directors' Report
continued

Remuneration report (audited)

Introduction

The Directors of amaysim Australia Limited (amaysim or the Company) are pleased to present the remuneration report (the Report) for the period 1 July 2015 to 30 June 2016 (FY16). The Report outlines the remuneration arrangements of the Company's Key Management Personnel (KMP) who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of amaysim, being the Non-executive Directors, the Executive Director and other Senior Executives of the Company. In this Report, Executive Directors and other Senior Executives are collectively referred to as 'Executive KMP'.

This report forms part of the Directors' Report and has been prepared in accordance with section 300A of the Corporations Act 2001 (the Corporations Act) and the Corporation Act's regulations. The information contained in this Report has been audited as required by section 308 (3C) of the Corporations Act.

The key sections of this Report include:

- Key Management Personnel
- Remuneration governance
- Executive remuneration policy and structure
- Legacy equity plans
- Executive KMP remuneration outcomes for FY16
- Executive statutory remuneration
- Executive employment agreements
- Non-executive Director fees
- Additional required disclosures

Key Management Personnel

The table below outlines amaysim's KMP during FY16.

Name	Position title	Term as KMP
Non-executive Directors		
Andrew Reitzer	Non-executive Chair	Full year
Maria Martin	Non-executive Director	Full year
Jodie Sangster	Non-executive Director	Full year
Thorsten Kraemer	Non-executive Director	Full year
Rolf Hansen	Non-executive Director[1]	Full year
Peter O'Connell	Non-executive Director[2]	Full year
Executive KMP		
Julian Ogrin	Chief Executive Officer and Executive Director	Full year
Leanne Wolski	Chief Financial Officer	Full year
Julian Dell	Chief Operations Officer	Part year – appointed KMP 15 October 2015[3]
Andrew Balint	Chief Commercial Officer	Part year – appointed KMP 15 October 2015[4]

1. Rolf Hansen was an Executive Director to 14 July 2015, and became a Non-executive Director on listing date.
2. Peter O'Connell was an Executive Director to 14 July 2015, and became a Non-executive Director on listing date.
3. Prior to Julian Dell's appointment, he held the position of IT Executive at amaysim.
4. Prior to Andrew Balint's appointment, he held the position of Marketing Executive at amaysim.

Remuneration Governance

Remuneration and Nomination Committee

Prior to listing, the Board established the Remuneration and Nomination Committee (Committee). The role of the Committee is to review and make recommendations to the Board on matters relating to:

- Board and Executive KMP succession planning;
- Non-executive Director fees and the aggregate fee pool;
- Executive KMP remuneration arrangements including the Company's equity-based incentives;
- the Company's remuneration policy, and other relevant policies including recruitment, retention and termination policies;
- the annual assessment of Board and Executive KMP performance; and
- the assessment of the Board's skills, size and composition.

Further information regarding the Committee's role, responsibilities and membership can be found in the Committee's Charter, a copy of which can be found on the Company's website: https://investor.amaysim.com.au/IRM/Company/ShowPage.aspx?CategoryId=190&CPID=924&EID=18912750.

Remuneration consultants

Under the provisions of the Committee's Charter, the Committee may engage assistance and advice from external remuneration consultants. To ensure that any recommendations made by remuneration consultants are provided without undue influence being exerted by Executives, external remuneration consultants deliver their advice directly to members of the Committee. No remuneration recommendation was provided to the Committee in FY16.

During FY16, the Committee engaged Mercer Australia to provide executive remuneration and non-director fee market data. We note advisors were engaged regarding the executive remuneration framework, including the STI and LTI plans, prior to listing. No executive remuneration framework advice was required in FY16.

Hedging of remuneration

In accordance with provisions of the Corporations Act, all KMP and amaysim employees are prohibited from hedging unvested equity based remuneration as outlined in the Company's Remuneration Policy and Securities Trading Policy, which is available on the Company's website.

Executive remuneration policy and structure

The Company is committed to attracting and retaining the best people to work in the organisation. A key element in achieving this objective is appropriately rewarding key talent, as summarised in accompanying diagram.

Company vision and strategy

As one of Australia's leading mobile service providers, the amaysim Group is dedicated to delivering simplicity, competitive products and a great customer experience. Through the dual brand strategy and diversification into fixed broadband, the Group is able to target a broad range of the addressable market while maintaining profitable subscriber growth and focusing on shareholder value creation.

Reward strategy

amaysim is committed to attracting and retaining the best people to work in the organisation, including senior management. A key element in achieving the objective is to ensure the Company and its subsidiaries are able to appropriately reward key people.

For Executive KMP, amaysim's reward strategy is supported by the company strategy by offering competitively positioned remuneration relative to the market. Additionally, the Executive KMP remuneration framework incorporates 'at risk' components (i.e., STI and LTI) with performance measures aligned to key business metrics (e.g., STI includes a Net Promoter Score performance measure to focus executives on customer experience and the LTI includes an EPS Compound Annual Growth Rate (CAGR) performance measure to reward executives for shareholder value creation).

Executive KMP remuneration framework

Executive KMP remuneration consists of fixed and variable remuneration as outlined in the below.

	Variable 'at risk' remuneration	
Fixed remuneration	**STI**	**LTI**

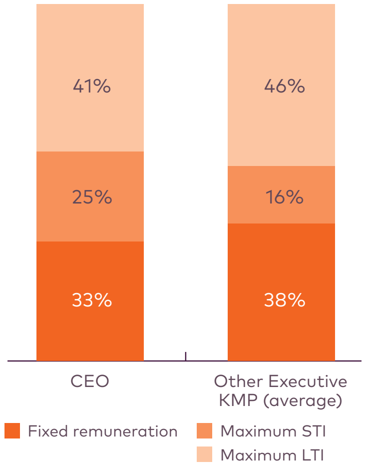
• Includes:
  • Base salary
  • Superannuation
  • Non-monetary benefits
• Competitively positioned relative to the market
	• Delivered as cash
	• Annual performance is measured relative to financial and non-financial KPIs
		• Delivered as Options (with an exercise price set by the Board)
		• LTI awards vest subject to an underlying EPS growth performance measure
		• Performance is measured over a three, four and five-year performance period

Directors' Report
continued

Remuneration report (continued)

Remuneration mix

The chart below outlines the maximum remuneration mix (expressed as a percentage of total maximum remuneration) for the CEO and average maximum remuneration mix for other Executive KMP. As the remuneration mix chart illustrates, the majority of Executive KMP remuneration is performance based and at-risk. Fixed remuneration represents the contracted amount for FY16; STI represents the maximum opportunity for FY16; LTI represents the maximum opportunity for FY16.



Fixed remuneration

Fixed remuneration includes base salary, superannuation and other non-monetary benefits (e.g. car parking) and is competitively positioned relative to the market. Factors such as industry, company size and stage of development (e.g. newly listed companies) are used to determine appropriate comparator groups. Fixed remuneration for Executive KMP is reviewed at least every second year, taking into account the following factors:

- the individual's performance;
- the executive's skills and experience;
- labour market conditions; and
- the size and complexity of the role (and Company).

STI plan

The key features of amaysim's STI plan are outlined below.

Purpose	Motivate and reward Executive KMP for the achievement of annual performance targets.
Eligibility	Executive KMP
STI opportunity	A maximum STI opportunity is set for each Executive KMP based on the executive's role and responsibilities. For FY16 the CEO's maximum STI opportunity was 75% of fixed remuneration, and 30 - 50% of fixed remuneration for other Executive KMP.
Performance measure and vesting schedule	Executive KMP performance is assessed against key performance indicators (KPIs) to ensure they are aligned to the Company's growth strategy and financial objectives. KPIs for FY16 were based on Company financial (Underlying Earnings Per Share) and customer (Net Promoter Score, NPS) performance. Underlying Earnings Per Share (EPS) and NPS were chosen as they reflect key components of the Company's growth strategy, underlying financial performance and focus on customer satisfaction. KPIs are approved by the Board. Underlying EPS has been selected as it is a key financial metric of the business strategy, incorporates items Executive KMP can control, and allows the Board to measure operational management of the Company. NPS is measured throughout the year by an independent external firm. Four NPS surveys are conducted during the financial year, and average NPS score is calculated and used to determine performance relative to the NPS performance hurdle set at the beginning of the financial year. Each KPI operates independently and is expressed as a percentage of maximum STI. The STI award performance measures are split as follows: • EPS (80% weighting of the STI award) • NPS (20% weighting of the STI award)
Performance assessment	The CEO's performance relative to annual KPIs is assessed by the Chair of the Board, in conjunction with the Remuneration and Nomination Committee. The CEO's STI award (if any) is approved by the amaysim Board. The performance of all other Executive KMP is assessed by the CEO, for recommendation to the Remuneration and Nomination Committee and approval by the amaysim Board.
Termination	Executives who cease employment prior to the end of the financial year are not entitled to an STI award, unless the Board, at its sole discretion, determines otherwise.

STI outcomes for FY16 are detailed in the section titled "Executive KMP Remuneration Outcomes for FY16 this report."

LTI plan

amaysim's LTI plan was introduced in conjunction with the Company's listing on the ASX as disclosed in the Company's prospectus. The key features of the LTI plan are outlined below:

Purpose	The purpose of the LTI plan is to: • Attract and retain executive talent; • Align the interests of Executive KMP with shareholders; and • Incentivise Executive KMP to deliver sustainable long term growth and create value for shareholders.
Eligibility	All Executive KMP are eligible to participate in the LTI plan.
Form of grant	The LTI offer in FY16 was made in the form of Options to acquire fully paid ordinary shares in the Company, with an exercise price of $1.80 (equal to the offer price set out in the prospectus). The Company may determine to settle the award in cash upon the exercise of the Options. Unvested LTI awards carry no rights to dividends nor voting rights.
Grant date	LTI awards were granted to Julian Ogrin and Leanne Wolski on 15 July 2015 and to Andrew Balint and Julian Dell on 30 October 2015.
LTI opportunity	For FY16, the LTI opportunity is determined based on the responsibilities and contribution of the individual to amaysim's long-term success.
Allocation	The number of instruments granted was determined by dividing the Executive KMP's LTI opportunity (expressed as a percentage of fixed remuneration) by the fair value per instrument, calculated using a Binomial valuation.
Performance & vesting period	The LTI award is split into three tranches with performance measured over a three, four and five year performance period, as follows: • Tranche 1 (50% of LTI award): performance is measured from the date of grant to 30 June 2018 • Tranche 2 (25% of LTI award): performance is measured from the date of grant to 30 June 2019 • Tranche 3 (25% of LTI award): performance is measured from the date of grant to 30 June 2020
Performance measures & vesting schedule	Vesting of LTI awards is subject to the achievement of underlying EPS compound annual growth rate (EPS CAGR) targets over three, four and five year performance periods, and continued employment with amaysim. The EPS CAGR target is calculated by dividing the underlying profit (or loss) after tax for the financial year (as defined in the Additional Financial Performance Information in the Directors Report), by the weighted adjusted average number of ordinary shares outstanding. Underlying EPS has been selected as it is key financial metric of the business strategy, measures business performance over which Executive KMP can control and aligns Executive KMP interests with long-term shareholder value creation. The EPS CAGR target for each performance period is determined by the Board at the start of the performance period. The Board believes EPS is an appropriate long-term performance measure as it reflects sustainable long-term growth and shareholder returns over the performance periods. The percentage of each tranche of the LTI award that will vest is outlined in the table below.

EPS CAGR over the performance period	Vesting %
Less than 80% of target EPS CAGR	Nil
Equal to 80% of target EPS CAGR	50%
Between 80% and 100% of target EPS CAGR	Straight line vesting between 50% and 75%
Equal to 100% of target EPS CAGR	75%
Between 100% and 125% of target EPS CAGR	Straight line vesting between 75% and 100%
Equal to or greater than 125% of target EPS CAGR	100%

If the EPS performance condition is not met, the relevant tranche of the LTI award will lapse and will not be re-tested at a later date.

Directors' Report
continued

Remuneration report (continued)

Termination & forfeiture	In the event of resignation or dismissal (for cause) all unvested LTI awards will lapse on cessation of employment, unless the Board in its absolute discretion determines otherwise. In all other instances a pro-rata portion based on time served of the unvested LTI award will remain on foot. The performance and vesting conditions (except for the continuous employment condition) will continue to apply to the pro-rated unvested Options. Any unvested LTI awards will lapse if in the opinion of the Directors, a participant has acted fraudulently or dishonestly.
Change of control	The Board may, in its absolute discretion, determine that all, a part of, or no unvested LTI awards will vest.

Executive KMP remuneration outcomes for FY16

This section provides a summary of the key financial results for amaysim, and also how these results have been reflected in Executive KMP remuneration for FY16.

amaysim's financial performance

The table below sets out amaysim's financial performance during FY16:

Financial measure[1]	FY16 ($'000 unless stated)
Net Revenue	$253,537
Underlying EBITDA	$35,443
Underlying NPAT	$19,966
Underlying NPAT Growth	109.1%
Underlying EPS	11.3c
Underlying EPS Growth	94.8%
Dividends paid during FY16	$5,351
Share price at listing (15 July 2015)	$1.80
Share price at 30 June 2016	$1.67

1. Refer to Financial Performance and Additional Financial Performance Information for definition of financial measures.

We note as the Company listed on 15 July 2015, financial performance is not included for prior year periods.

STI outcomes

KPIs are set at the commencement of each financial year, and are objective and measurable. The performance of each Executive KMP against their FY16 KPIs is set out below:

Executive KMP	FY16 KPIs	Maximum STI as a % of fixed remuneration	Awarded STI as a % of maximum STI	Forfeited STI as a % of maximum STI	Actual STI
Julian Ogrin	Underlying EPS (80%) NPS (20%)	75%	60%	40%	$292,500
Leanne Wolski	Underlying EPS (80%) NPS (20%)	50%	60%	40%	$120,000
Julian Dell[1]	Underlying EPS (80%) NPS (20%)	30%	60%	40%	$38,170
Andrew Balint[1]	Underlying EPS (80%) NPS (20%)	50%	60%	40%	$79,521

1. STI outcomes for Julian Dell and Andrew Balint is for the period they were Executive KMP (from 15 October 2015).

LTI outcomes

The first tranche of Share Rights awarded under the legacy ESP vested on listing. The number of Share Rights which vested is set out in the table titled "Legacy Equity Plans". No awards under the new LTI plan vested, lapsed or were forfeited in FY16 as this was the first year of operation.

Directors' Report
continued

Remuneration report (continued)

Executive KMP statutory remuneration

The following table shows the accounting expense of remuneration received by Executive KMP during FY16. The information presented below has been prepared in accordance with Australian Accounting Standards.

	Short-term employee benefits			Post-employment benefits	Other long-term benefits	Share-based payments		
Executive KMP	Salary & fees[1] ($)	Cash bonus ($)	Non-monetary benefits ($)[2]	Super-annuation ($)	Accrued Long Service Leave ($)	Rights ($)	Options ($)	Total remune-ration ($)
Julian Ogrin Chief Executive Officer and Executive Director	630,731	292,500	30,932	19,308	7,129	263,290	219,152	1,463,042
Leanne Wolski Chief Financial Officer	405,181	120,000	5,380	19,308	11,277	11,892	98,337	671,375
Julian Dell[3] Chief Operations Officer	193,080	38,170	24,429	8,188	3,355	8,116	84,718	361,056
Andrew Balint[3] Chief Commercial Officer	270,202	79,521	3,250	9,853	4,207	8,214	105,898	481,145
Total	**1,499,194**	**530,191**	**63,991**	**56,657**	**25,968**	**291,512**	**508,105**	**2,975,618**

No termination benefits were paid during FY16.

1. Salary & fees include annual leave accrual.
2. Non cash benefits outlined in the table above include packaged items and other non-cash benefits, including fringe benefits.
3. Remuneration for Julian Dell and Andrew Balint is for the period they were Executive KMP (i.e from 15 October 2015).

Executive employment agreements

Each Executive KMP has an ongoing (i.e. no fixed term) employment agreement with the Company which sets out each Executive KMP's remuneration, termination, confidentiality, restraint period and terms. The key terms of employment for Executive KMP are summarised below.

Term	CEO	Other Executive KMP
Length of agreement	Ongoing, no fixed term	Ongoing, no fixed term
Notice period (by Executive KMP)	12 months	6 months
Notice period (by the Company)	12 months	6 months
Termination payments	12 months' fixed remuneration in lieu of notice. Treatment of STI and unvested LTI awards on termination is outlined in the "Remuneration framework and structure" section above.	6 months' fixed remuneration in lieu of notice. Treatment of STI and unvested LTI awards on termination is outlined in the "Remuneration framework and structure" section above.

Non-executive Director fees

Fee policy and structure

Non-executive Directors receive fees for their services to the Company, which reflect the demands and responsibilities of the role. Non-executive Director fees are reviewed regularly by the Committee to ensure they are appropriate and in line with the market.

Non-executive Director fees consist of base fees and fees for chairing on Board Committees (inclusive of statutory superannuation contributions). The Chair of amaysim receives an overall fee that is inclusive of base fees, Board Committee fees and statutory superannuation contributions.

Non-executive Directors do not receive incentive or performance-based remuneration, nor are they entitled to retirement or termination benefits. Non-executive Directors may be reimbursed for expenses reasonably incurred in performing their duties as a Director.

The table below summarises the Board and Committee fees (inclusive of superannuation contributions) for FY16.

Board and Committee fees	FY16
Non-executive Chairman	$200,000
Non-executive Director	$100,000
Audit & Risk Management Committee Chair	$22,500

The current maximum aggregate Non-executive Director fee pool is $1,400,000. The Board will not seek an increase to the aggregate Non-executive Director fee pool at the 2016 Annual General Meeting.

Non-executive Director fees

The following table shows the fees received by Non-executive Directors in FY16. The information presented below has been prepared in accordance with Australian Accounting Standards.

	Short-term benefits		Post-employment benefits	
Non-executive Director	Board & Committee fees ($)	Non-monetary benefits ($)	Super-annuation ($)	Total ($)
Andrew Reitzer Non-executive Chair	182,648	–	17,352	200,000
Maria Martin Non-executive Director	111,872	–	10,628	122,500
Jodie Sangster Non-executive Director	91,324	–	8,676	100,000
Thorsten Kramer Non-executive Director	100,000	–	–	100,000
Rolf Hansen[1] Non-executive Director	91,324	1,867	8,676	101,867
Peter O'Connell[2] Non-executive Director	91,324	7,752	8,676	107,752
Total	**668,492**	**9,619**	**54,008**	**732,119**

1. Rolf Hansen was an Executive Director to 14 July 2015, and became a Non-executive Director on amaysim's listing date.
2. Peter O'Connell was an Executive Director to 14 July 2015, and became a Non-executive Director on amaysim's listing date.

Directors' Report
continued

Remuneration report (continued)

LTI awards

The table below sets out the number of Options granted to Executive KMP during FY16. Details of the performance conditions are set out in the LTI section above in this Report.

Executive KMP	Tranche	Grant date	Fair value per Option at grant date	Number of Options granted	Fair value at grant date	Exercise price per Option	Vesting/ first exercise date	Expiry date
Julian Ogrin	1	15 July 2015	$0.40	975,000	$390,000	$1.80	30 June 2018	30 June 2020
	2	15 July 2015	$0.42	487,500	$204,750	$1.80	30 June 2019	30 June 2021
	3	15 July 2015	$0.43	487,500	$209,625	$1.80	30 June 2020	30 June 2022
Total				**1,950,000**	**$804,375**			
Leanne Wolski	1	15 July 2015	$0.40	437,500	$175,000	$1.80	30 June 2018	30 June 2020
	2	15 July 2015	$0.42	218,750	$91,875	$1.80	30 June 2019	30 June 2021
	3	15 July 2015	$0.43	218,750	$94,063	$1.80	30 June 2020	30 June 2022
Total				**875,000**	**$360,938**			
Andrew Balint	1	30 October 2015	$0.83	309,128	$256,577	$1.80	30 June 2018	30 June 2020
	2	30 October 2015	$0.83	154,730	$128,426	$1.80	30 June 2019	30 June 2021
	3	30 October 2015	$0.83	154,730	$128,426	$1.80	30 June 2020	30 June 2022
Total				**618,589**	**$513,429**			
Julian Dell	1	30 October 2015	$0.83	247,035	$205,039	$1.80	30 June 2018	30 June 2020
	2	30 October 2015	$0.83	123,518	$102,520	$1.80	30 June 2019	30 June 2021
	3	30 October 2015	$0.83	123,518	$102,520	$1.80	30 June 2020	30 June 2022
Total				**494,071**	**$410,079**			

Legacy equity plans

Prior to amaysim's listing, Executive KMP participated in the Employee Share Plan (ESP). Details of the ESP were disclosed in the Company's prospectus. The ESP has been replaced by the LTI plan described in the "LTI Plan" section above and no further grants will be made under the ESP.

The section below Additional Required Disclosures sets out the number of Share Rights that vested during FY16, and the number of Share Rights held by Executive KMP at 30 June 2016. No Share Rights lapsed during FY16.

Eligibility	All Executive KMP are eligible to participate in the ESP plan.
Form of grant	The ESP offer was made prior to the Company's listing, in the form of Rights to acquire fully paid ordinary shares in the Company. The Company may determine to settle the award in cash upon the exercise of the Share Rights. Unvested ESP awards carry no rights to dividends nor voting rights.
Grant date	The dates that the ESP awards were granted to Executive KMP are outlined in the table below.
ESP opportunity	The ESP opportunity is determined based on the responsibilities and contribution of the individual to amaysim's long-term success. The minimum value of the grant is nil if the service conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements, as set out in the table below.

Executive KMP	Date of grant	Minimum value of Rights yet to vest	Maximum value of Rights yet to vest
Julian Ogrin	11/06/2013	–	872,363
Leanne Wolski	13/06/2012	–	50,959
Julian Dell	13/06/2012	–	49,209
Andrew Balint	13/06/2012	–	49,799
Total		–	**1,022,330**

Allocation	The number of instruments granted was determined by dividing the Executive KMP's ESP opportunity (expressed as a percentage of fixed remuneration) by the privately held share price at the date of grant.
Service conditions & vesting period	The Legacy award is split into three tranches as follows: • Tranche 1 (33% of ESP award): measured from the date of grant to the date of listing (15 July 2015) • Tranche 2 (33% of ESP award): measured from the date of grant to one year following the IPO • Tranche 3 (33% of ESP award): measured from the date of grant to two years following the IPO Vesting of ESP awards is subject to a service condition (continuing employment with the Company).
Termination & forfeiture	Any unvested Rights will automatically lapse when a participant ceases to be employed by amaysim (except under certain qualifying conditions (i.e. death, disability, retirement or redundancy), in which case unvested Rights will automatically vest into Shares).
Change of control	The Board may, in its absolute discretion, determine that all, a part of, or no unvested LTI awards will vest.

Directors' Report
continued

Remuneration report (continued)

Additional required disclosures

Shareholdings of key management personnel

KMP	Balance at 1 July 2015	Shares exchanged for AYS shares as part of IPO	Acquired	Granted as remune-ration	On vesting of Share Rights	Disposed	Net change	Balance at 30 June 2016
Non-executive Directors								
Andrew Reitzer	–	–	83,333	–	–	–	83,333	83,333
Maria Martin	–	–	16,666	–	–	–	16,666	16,666
Jodie Sangster	–	–	16,666	–	–	–	16,666	16,666
Thorsten Kramer	–	1,450,000	–	–	–	–	1,450,000	1,450,000
Peter O'Connell	–	7,734,010	–	–	–	–	7,734,010	7,734,010
Rolf Hansen	–	7,734,010	–	–	–	–	7,734,010	7,734,010
Total	**–**	**16,918,020**	**116,665**	**–**	**–**	**–**	**17,034,685**	**17,034,685**
Executive KMP								
Julian Ogrin	–	–	–	–	833,605	(833,605)	–	–
Leanne Wolski	–	–	138,888	–	116,821	–	255,709	255,709
Julian Dell	–	–	–	–	112,810	(100,000)	12,810	12,810
Andrew Balint	–	–	–	–	114,164	–	114,164	114,164
Total	**–**	**–**	**138,888**	**–**	**1,177,400**	**933,605**	**382,683**	**382,683**

Share rights holdings of key management personnel

No Non-executive Director holds any Share Rights.

Executive KMP	Balance at 1 July 2015	Granted as remuneration	Rights vested	Rights forfeited/ lapsed	Balance at 30 June 2016
Julian Ogrin	2,500,815	–	(833,605)	–	1,667,210
Leanne Wolski	350,465	–	(116,821)	–	233,644
Julian Dell	338,430	–	(112,810)	–	225,620
Andrew Balint	342,490	–	(114,164)	–	228,326
Total	**3,532,200**	**–**	**(1,177,400)**	**–**	**2,354,800**

Option Holdings of Key Management Personnel

No Non-executive Director holds any Options.

Executive KMP	Balance at 1 July 2015	Granted as remuneration	Options exercised	Options forfeited/ expired	Balance at 30 June 2016
Julian Ogrin	–	1,950,000	–	–	1,950,000
Leanne Wolski	–	875,000	–	–	875,000
Andrew Balint	–	618,589	–	–	618,589
Julian Dell	–	494,071	–	–	494,071
Total	**–**	**3,937,660**	**–**	**–**	**3,937,660**

Loans and other transactions with KMP

There were no loans or other transactions with KMP or their related parties during 2016.

This concludes the remuneration report, which has been audited.

Unissued shares

(a) Long term incentive plan (LTIP)

At the date of this report, amaysim had 4,358,267 LTIP rights that could convert to 4,358,267 ordinary shares in amaysim Australia Limited.

For further details of the long term incentive plan, refer to note 28(a) of this financial report.

(b) Employee share plan rights (ESPR)

At the date of this report, amaysim had 30,011 employee share rights outstanding that could convert to 4,351,743 ordinary shares in amaysim Australia Limited.

For further details of the employee share plan rights, refer to note 28(b) of this financial report.

Issued shares

During the financial year and up to the date of this report, 16,151 employee share plan rights converted to 2,341,895 ordinary shares in amaysim Australia Limited.

Indemnification and insurance of officers

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

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

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

During the financial year amaysim paid premiums in respect of a contract insuring all the directors against costs incurred in defending proceedings for conduct involving: a wilful breach of duty or a contravention of Sections 182 or 183 of the Corporations Act 2001 as permitted by Section 199B of the Corporations Act.

Proceedings on behalf of the Group

No application has been made under section 237 of the Corporations Act in respect of the Group and no proceedings have been brought or intervened in on behalf of the group under that section.

Directors' Report
continued

Corporate governance

amaysim Australia Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. amaysim Australia Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. amaysim's current corporate governance statement, which applies post listing 15 July 2015 is available on the Group's website.

Remuneration report - audited

Information on amaysim's remuneration framework and the outcomes for FY16 for the amaysim Australia Limited Board, the CEO and key management personnel, is included in the remuneration report on pages 31 to 43 of this financial report.

Non-audit services

The Company may decide to employ the Group's auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

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

	Consolidated entity Year ended 30 June 2016 $	Consolidated entity Year ended 30 June 2015 $
Other assurance services	**–**	–
Total remuneration for other assurance services	**–**	–
Taxation services		
Total remuneration for taxation services	**–**	–
Other services		
PricewaterhouseCoopers firm:		
Tax advice and due diligence services	**400,600**	–
Investigating accountant's report	**–**	653,553
Total remuneration for other services	**400,600**	653,553
Total remuneration for non-audit services	**400,600**	653,553

Directors' declaration on satisfaction with independence of auditor

The board of directors has considered the position and, in accordance with advice received from the audit and risk management committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Fees paid to the external auditor, including a breakdown of fees for non-audit services, are reported in Note 29 to the financial statements.

As noted in the corporate governance statement published on amaysim's website, a component of the audit and risk management committee's role is the appointment of the external auditor and overseeing the independence of the external auditor. PricewaterhouseCoopers was appointed as external auditor by the shareholders in for the year ended 30 June 2011. Mr Sumanth Prakash was appointed as the company's lead audit engagement partner for the year ended 30 June 2012. The Corporations Act requires the rotation of the lead audit partner of a company at least every five years. This means that, in the ordinary course, Mr Prakash would have been rotated and been replaced with another audit engagement partner at the conclusion of the 2016 reporting season. However, in February 2016, the audit and risk management committee and board considered the impact of the rotation of Mr Prakash at the conclusion of the 2016 reporting season. The audit and risk management committee and board resolved that it believed that compliance with the rotation requirements for the 2017 year would impose an unreasonable burden on amaysim.

In providing this approval the audit and risk management committee and board were satisfied that the extension:

- was consistent with maintaining the quality of the audit provided to amaysim; and
- would not give rise to a conflict of interest situation (as defined in the Corporations Act) and, thereby, impair Mr Prakash's independence.

In particular, in relation to audit quality, the board noted that, amongst other things:

- amaysim had undergone substantial change over the past five years and the company will undergo further significant transformation and increased complexity in the next two to five years.
- As such, the board and audit and risk management committee considered that while amaysim continued its transformation activities, it was important that the detailed knowledge and understanding that Mr Prakash had built up in relation to amaysim and its industry over the past five years is retained to ensure the quality of the audit of amaysim for shareholders over the coming years.

The audit and risk management committee was satisfied that the approval would not give rise to a conflict of interest situation because:

- Management and the audit and risk management committee were not aware of any such conflicts in relation to PricewaterhouseCoopers or Mr Prakash and did not believe that the extension of his term would give rise to any such conflicts; and
- amaysim has in place a detailed governance framework to ensure that such conflicts do not arise.

Accordingly, amaysim sought and obtained a declaration from the Australian Securities and Investments Commission under section 342A of the Corporations Act to extend the term of Mr Prakash for an additional year.

This allowed Mr Prakash to remain as lead auditor for the financial year ending 30 June 2017.

As required by the Corporations Act 2001 the external auditor is required to provide an annual declaration of their independence to the Directors, which is included on page 46.

Auditor

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

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 signed in accordance with a resolution of directors:

Andrew Reitzer

Director
Sydney

Julian Ogrin

Director
Sydney

19 August 2016

pwc

Auditor's Independence Declaration

As lead auditor for the audit of amaysim Australia Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

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

S Prakash
Partner
PricewaterhouseCoopers

Sydney
19 August 2016

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Contents

Financial Statements

amaysim Australia Ltd consolidated statement of comprehensive income

for the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue			
Service revenue		**241,890**	205,678
Other revenue		**11,647**	6,917
Interest income		**488**	332
Total revenue	3	**254,025**	212,927
Expenses			
Network related expenses		**(168,089)**	(153,118)
Employee expenses		**(22,020)**	(18,435)
Marketing expenses		**(12,466)**	(13,117)
Depreciation and amortisation expenses	4	**(5,319)**	(2,955)
Finance expenses	4	**(1,755)**	(123)
IPO expenses		**(8,633)**	(3,050)
Acquisition expenses	13	**(1,734)**	–
Other expenses		**(15,519)**	(10,838)
Total expenses		**(235,535)**	(201,636)
Profit before income tax		**18,490**	11,291
Income tax (expense)/benefit	5	**(6,184)**	12,718
Profit after tax		**12,306**	24,009
Profit attributable to members of amaysim Australia Ltd		**12,306**	24,009
Other comprehensive income for the year net of tax		**–**	–
Total comprehensive income for the year attributable to members of amaysim Australia Ltd		**12,306**	24,009

Earnings per share		**Cents**	Cents
Basic earnings per share	7	**6.9**	14.5
Diluted earnings per share	7	**6.6**	13.9

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

amaysim Australia Ltd consolidated balance sheet

as at 30 June 2016

	Notes	2016 $'000	2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	**13,388**	15,021
Trade and other receivables	9	**9,080**	12,572
Other current assets	10	**1,036**	949
Total current assets	1(a)(iv)	**23,504**	28,542
NON-CURRENT ASSETS			
Property, plant and equipment	11	**1,018**	609
Intangible assets	12	**76,711**	7,955
Deferred tax assets	14	**1,399**	12,752
Other non-current assets	15	**13,903**	3,124
Total non-current assets		**93,031**	24,440
TOTAL ASSETS		**116,535**	52,982
CURRENT LIABILITIES			
Trade and other payables	16	**55,752**	39,562
Customer deposits		**3,324**	–
Deferred revenue		**7,449**	10,125
Provisions	17	**2,591**	1,934
Current tax liabilities		**707**	–
Total current liabilities	1(a)(iv)	**69,823**	51,621
NON-CURRENT LIABILITIES			
Other liabilities	18	**13,642**	3,593
Provisions	17	**759**	380
Total non-current liabilities		**14,401**	3,973
TOTAL LIABILITIES		**84,224**	55,594
NET ASSETS/(LIABILITIES)		**32,311**	(2,612)
EQUITY			
Contributed equity	20(a)	**62,538**	35,521
Equity compensation reserve	20(b)	**2,780**	1,829
Retained profits	20(c)	**30,964**	24,009
Accumulated losses (prior years)		**(63,971)**	(63,971)
TOTAL EQUITY		**32,311**	(2,612)

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

amaysim Australia Ltd consolidated statement of changes in equity

for the year ended 30 June 2016

	Notes	Contributed equity $'000	Equity compensation reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total $'000
		Attributable to owners of amaysim Australia Limited			
Balance at 1 July 2014		32,017	–	(63,971)	(31,954)
Profit after tax for the year		–	–	24,009	24,009
Total comprehensive income for the year		**–**	**–**	**24,009**	**24,009**
Transactions with owners in their capacity as owners:					
Value of conversion rights on convertible notes	20(a)	3,504	–	–	3,504
Share based payments	20(b)	–	1,829	–	1,829
		3,504	1,829	–	5,333
Balance at 30 June 2015		**35,521**	**1,829**	**(39,962)**	**(2,612)**
Balance at 1 July 2015		35,521	1,829	(39,962)	(2,612)
Profit after tax for the year		–	–	12,306	12,306
Total comprehensive income for the year		**–**	**–**	**12,306**	**12,306**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	20(a)	12,561	–	–	12,561
Issue of ordinary shares as consideration for a business combination	13	14,456	–	–	14,456
Dividends paid	6	–	–	(5,351)	(5,351)
Share based payments	20(b)	–	951	–	951
		27,017	951	(5,351)	22,617
Balance at 30 June 2016		**62,538**	**2,780**	**(33,007)**	**32,311**

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

amaysim Australia Ltd consolidated statement of cash flows

for the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (incl. of GST)		**279,309**	227,188
Payments to suppliers and employees (incl. of GST)		**(245,226)**	(209,266)
Repayment of Optus liability acquired on Vaya acquisition		**(17,782)**	–
Finance expenses		**(44)**	(123)
Interest received		**487**	332
Net cash inflows from operating activities	21(b)	**16,744**	18,131
Cash flows from investing activities			
Payments for acquisition of subsidiary after overdraft acquired	13(b)	**(5,008)**	–
Payments for property, plant and equipment		**(663)**	(310)
Proceeds from sale of property, plant and equipment		**–**	170
Payments for intangible assets		**(4,091)**	(8,275)
Increase in security deposits and bank guarantees		**(5,674)**	–
Net cash (outflows) from investing activities		**(15,436)**	(8,415)
Cash flows from financing activities			
Proceeds from IPO		**12,880**	–
Dividends paid		**(5,351)**	–
Payments for IPO expenses		**(10,470)**	(1,635)
(Repayment) from redemption of convertible notes		**–**	(151)
Repayment of leases		**–**	(312)
Net cash (outflows) from financing activities		**(2,941)**	(2,098)
Net (decrease)/ increase in cash and cash equivalents		**(1,633)**	7,618
Cash and cash equivalents at the beginning of the financial year		**15,021**	7,403
Cash and cash equivalents at end of year		**13,388**	15,021

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

Notes to the consolidated financial statements

for the year ended 30 June 2016

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. amaysim Australia Limited (formerly amaysim Australia Pty Limited) is a company limited by shares, incorporated and domiciled in Australia.

On 29 May 2015 amaysim Australia Pty Limited was converted to a public company, amaysim Australia Limited. amaysim Australia Limited was admitted to the ASX effective 15 July 2015 pursuant to a prospectus dated 23 June 2015 and subsequent initial public offering (IPO). The IPO was undertaken using the existing Group structure and no corporate reorganisation took place. As such the financial statements are a continuation of amaysim Australia Pty Limited and no fair value adjustments were required to be reflected in these financial statements.

The financial statements were authorised for issue by the directors on 19 August 2016. The directors have the power to amend and reissue the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the amaysim Australia Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial report is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(iii) New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is that they either do not apply to the Group or if they do apply will not materially impact the financial reports as outlined below:

Title of the standard	Nature of the change	Impact	Mandatory application date
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets and liabilities, the adoption of the standard is not expected to be material.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.

Title of the standard	Nature of the change	Impact	Mandatory application date
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to impact the revenue recognition: i. Variable consideration arising from: • Promotions and goodwill credit to customers • Breakage, or likelihood of unexercised rights (e.g. expired credit) will need to be considered whilst determining the transaction price. ii. Commissions paid to retailers will be considered as acquisition costs, or "costs to obtain a contract". These should be capitalised and depreciated over the customers' life. At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.

Title of the standard	Nature of the change	Impact	Mandatory application date
AASB 16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance lease is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short–term and low–value leases.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of $8,260k. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2019.

(iv) Working capital deficiency

As at 30 June 2016, the Group's current liabilities of $69,823k (2015: $51,621k) exceed the current assets of $23,504k (2015: $28,542k). Current assets reduced by $5,000k paid in cash for the Vaya acquisition. Current liabilities include deferred revenue of $7,449k for which there are no future cash outflows. Additionally, included in current liabilities is $18,376k of Optus liability acquired on Vaya acquisition and $11,230k of Optus activation fee which are both on fixed repayment terms as described in 1(g) and customer deposits for $3,224k (based on average of $20 per customer) which is only payable after a customer disconnects and when the customer requests a refund. Also the Group has a history of generating positive operating cash flows, and fixed repayment terms with major creditors, and accordingly the financial statements are prepared on a going concern basis.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of amaysim Australia Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. amaysim Australia Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

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

Notes to the consolidated financial statements

continued

1 Summary of significant accounting policies (continued)

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

(c) Significant accounting judgements, estimates and assumptions

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 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 the 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 and unbooked tax losses. 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. The Group has recognised a net deferred tax asset $1,519k relating to tax losses and temporary differences at 30 June 2016.

Assumptions about the generation of future taxable profits depend on the Group's estimates of future cash flows, which in turn depend on estimates of future sales volumes, operating costs, capital expenditure, dividends to shareholders and other capital management transactions.

(ii) Employee share rights

The Group have issued share rights to certain employees. The cost of the plan recognised in the Group's financial statement 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. Further details of the valuation methodology and assumptions are set out in Note 28.

(iii) Accounting for IPO expenses

During the year, the Group incurred costs in preparation for listing on the Australian Securities Exchange.

The Directors have determined consistent with AASB 132 that costs related to existing shareholders will be expensed in the consolidated statement of comprehensive income; costs related to the issuance of new shares will be recognised as an increase in equity in the consolidated balance sheet.

The costs related to the IPO can not be easily allocated to either the existing or new shares. Total costs have been apportioned between expenses and equity based on the percentage of new shares issued in the IPO out of the total number of shares in amaysim. As outlined in the prospectus 95.91% of the share register was made of up existing shares (169m shares), and 4.09% of the share register was made up of new shares (7.2m shares).

Joint lead manager and financial adviser fees incurred during the year end and were accounted for on the same basis.

(iv) Intangible assets – goodwill

Judgements and estimates relating to the impairment testing of goodwill are set out in Note 12 to this report.

(d) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Service revenue

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

(ii) Other revenue

Other revenue is comprised of expired credits, incentives and asset sales and is recognised when it is earned and becomes receivable.

(iii) Interest revenue

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

(e) Expenses

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

(f) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with a bank or financial institution with original maturities of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Groups' option and which the Group uses in its day to day management of the Group's cash requirements.

(g) Payables

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

amaysim contracts directly with its subscribers, providing in house created mobile voice and data plans under the amaysim brand name which use the Optus 3G and 4G networks under an exclusive wholesale network supply agreement with Optus.

(i) Network related expenses

Network related expenses includes, wholesale voice and data costs payable to Optus and M2 and other payment fees. Expenses and payables are recognised as incurred in accordance with the network supply agreement, or other supplier agreements.

(ii) Optus activation fee liability

Activation fees are recognised on terms in accordance with the Optus agreement and are due one month and 21 days following the respective month.

The receipt of activation fees is recognised as a liability in the month the fee becomes receivable. This liability then reduces as access fees become payable to Optus over the lesser of 24 months from customer start date or on customer disconnection.

(iii) Optus liability acquired on Vaya acquisition

As part of the Vaya transaction, amaysim has acknowledged and agreed the gross cash amount owing to Optus Networks Pty Limited and Optus Mobile Pty Limited at acquisition date. This amount is a fixed amount owing by Vaya for unpaid invoices and clawback commissions and is assumed indirectly by amaysim through the Vaya acquisition to the extent that amaysim serves as guarantor. This amount is required to be repaid over 24 months and the liability is to be discounted at 9.50% which represents the fair value cost of debt. This rate has been determined by examining qualitative and quantitative factors which would influence amaysim's cost of debt should it be able to source funding for the Vaya acquisition from debt markets.

(h) Property, plant and equipment

All property, plant and equipment is recognised at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Leasehold improvements	5 years
Office equipment	4 years
EDP equipment	3 years
Telecommunication equipment	3–4 years
Furniture, fittings and equipment	8 years
Leased plant and equipment	4 years

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

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

(i) Intangible assets

amaysim has four types of intangible assets as follows:

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(ii) Trademarks/brands

Separately acquired trademarks/brands are shown at historical cost. Trademarks/brands acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life of 7 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Customer lists

Customer lists on acquisition of subsidiaries are included in intangible assets. Customer lists are amortised over their useful life, deemed to be 5 years.

(iv) Software development

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

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

Notes to the consolidated financial statements

continued

1 Summary of significant accounting policies (continued)

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional accounts recognised and also recognises assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on either of:

(i) 12 months from the date of acquisition or

(ii) when the acquirer receives all the information to determine fair value.

(k) Impairment of non financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use is the present value of the estimated future cash flows relating to the asset using a pre tax discount rate specific to the asset or cash generating unit to which the asset belongs.

Assets that do not have independent cash flows are grouped together to form a cash generating unit.

(l) Employee benefits

(i) Short-term obligations

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

The liability for annual leave is recognised in current provisions.

(ii) Other long-term employee benefit obligations

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

(iii) Retirement benefit obligations

All employees of amaysim are entitled to benefits of the 9.50% statutory superannuation guarantee, except where an employees salary exceeds the maximum superannuation contribution threshold. All entitlements are settled monthly with the employees nominated superannuation fund. Contributions to superannuation funds are recognised as an expense as they become payable.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the employee share rights. Information relating to these plans are set out in Note 28.

The fair value of options granted under the employee share right plan is recognised as an employee benefits expense with a corresponding increase in equity through the equity compensation reserve. The total amount to be expensed is determined by reference to the fair value of the rights granted adjusted for the number of rights or options expected to vest. The share based payment expense is then expensed on a straight line basis over the performance period.

(m) Leases

(i) Operating leases

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

The operating leases consist of the building leases for the 4 levels amaysim currently holds with Bridgelane Holdings. Currently the lease for 3 of the levels are for 5 years and 7 months ending 31 October 2020 with the remaining level lease covering 2 years and 7 months ending 31 October 2017.

(ii) Lease incentives

Lease incentives are capitalised upon receipt and recognised in the consolidated statement of comprehensive income over the life of the lease.

(n) Provision for make good

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove and restore leasehold improvements. The provision has been estimated based on cost per square metre and number of square metres occupied.

(o) Contributed equity

Ordinary shares are classified as equity.

(p) Income tax

(i) Accounting policy

Tax expense comprises current and deferred tax and is recognised in the statement of profit or loss or the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax in respect of previous years.

Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability.

Both are calculated using tax rates for each jurisdiction, enacted or substantially enacted at the reporting date, and for deferred tax those that are expected to apply when the asset is realised or the liability is settled.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- initial recognition of assets or liabilities, other than in a business combination, that affect neither accounting nor taxable profit;
- recognition of goodwill; and
- investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and they relate to the same taxable entity and the same taxation authority.

(ii) Tax consolidation

amaysim Australia Limited and its wholly owned Australian resident entities are part of a tax consolidated group and are therefore taxed as a single entity. amaysim Australia Limited is the head entity of the tax consolidated group. amaysim Australia Limited intends on entering into a tax sharing agreement between it and the entities in the tax consolidated group.

The tax sharing agreement will detail how the income tax liabilities would be allocated between the entities should amaysim Australia Limited default on its tax obligations.

Current tax expense/income, deferred tax liabilities and deferred tax assets of the members of the tax consolidated group are recognised in the separate financial statements of the members using the "group allocation method", by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Income tax payable and receivable as calculated under the "group allocation method" are recognised as amounts receivable from or payable to other entities in the group, and are due and payable as requested by the head entity.

(iii) Recoverability of deferred tax assets

The amaysim tax consolidated group has $1,519k of deferred tax assets relating to tax losses which have been recognised as it is considered probable that there would be taxable income against which they could be utilised and that the same business test will be satisfied. Refer Note1(c)(i) accounting estimates for further information.

(q) Dividends

A liability is recognised for the amount of any dividends determined on or before the end of the financial year but not paid at the balance sheet date. Typically interim and final dividend in respect of the financial period are determined after period end and are therefore not included as a provision at period end.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Goods and Services Tax (GST)

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

Notes to the consolidated financial statements
continued

1 Summary of significant accounting policies (continued)

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

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

(t) Parent entity financial information

The financial information for the parent entity, amaysim Australia Limited, disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below:

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

(u) 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.

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 Revenue

The Group derives the following types of revenue:

	Consolidated entity Year ended 30 June	
	2016 $'000	2015 $'000
Service revenue	**241,890**	205,678
Service revenue	**241,890**	205,678
Other revenue	**11,647**	6,917
Other revenue	**11,647**	6,917
Interest income	**488**	332
Interest income	**488**	332
Total revenue	**254,025**	212,927

4 Expense items

	Notes	Consolidated entity Year ended 30 June	
		2016 $'000	2015 $'000
Depreciation			
Property, plant and equipment	11	**410**	524
		410	524
Amortisation			
Intangible assets	12	**4,909**	2,431
		4,909	2,431
Finance costs			
Interest charges		**44**	123
Unwinding of discount on Optus liability acquired on acquisition		**1,711**	–
		1,755	123
Operating lease expense			
Lease - office equipment		**29**	26
Lease - office complex		**1,828**	943
		1,857	969
Superannuation expenses		**1,267**	1,134

5 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

	Consolidated entity Year ended 30 June 2016 $'000	2015 $'000
Current tax		
Current tax	**739**	3,799
Deferred tax	**5,445**	(16,517)
Total income tax expense/(benefit)	**6,184**	(12,718)
Deferred income tax		
Decrease/(increase) in deferred tax assets	**6,478**	(13,392)
(Decrease)/increase in deferred tax liabilities	**(1,033)**	674
Total deferred tax expense/(benefit)	**5,445**	(12,718)

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

	Consolidated entity Year ended 30 June $'000	$'000
Profit from continuing operations before income tax expense	**18,490**	11,291
Tax at 30% (2015 - 30%)	**5,547**	3,387
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Amortisation of intangibles	**217**	210
Research and development expenditure	**(268)**	(390)
Vaya acquisition expenses	**403**	–
Share-based payments	**285**	548
Entertainment	**39**	44
Sundry items	**(39)**	–
Subtotal	**6,184**	3,799
Prior year losses previously not recognised now brought into account	**–**	(12,944)
Recognition of research and development tax credit	**–**	(1,915)
Previously unrecognised tax losses used to reduce deferred tax expense	**–**	(1,658)
Income tax expense	**6,184**	(12,718)

Notes to the consolidated financial statements
continued

5 Income tax (continued)

(c) Amounts recognised directly in equity

	Consolidated entity Year ended 30 June 2016 $'000	2015 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - (credited) directly to equity	**(101)**	–

6 Dividends

	Consolidated entity Year ended 30 June 2016 $'000	2015 $'000
Dividends paid during the reporting period		
Interim dividend for the year ended 30 June 2016 of 3.0 cents per share	**5,351**	–
Total dividends paid	**5,351**	–
Dividends not recognised at the end of the reporting period		
Final dividend for the year ended 30 June 2016 of 5.3 cents per share	**9,716**	–
Total dividends not recognised	**9,716**	–

7 Earnings per share

	Consolidated entity Year ended 30 June 2016 cents	2015 cents
Basic earnings per share	**6.9**	14.5
Diluted earnings per share	**6.6**	13.9

(a) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity Year ended 30 June 2016 $'000	2015 $'000
Basic earnings per share		
Net profit after tax	**12,306**	24,009
Diluted earnings per share		
Net profit after tax used in calculating basic earnings per share	**12,306**	24,009
Add: interest savings on convertible notes	**–**	116
	12,306	24,125

7 Earnings per share (continued)

(b) Weighted average number of shares used as the denominator

	Consolidated entity As at 30 June 2016 Number	Consolidated entity As at 30 June 2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**177,365,057**	165,565,785
Adjustments for calculation of diluted earnings per share:		
Employee share rights	**4,580,454**	7,025,830
Long term incentive plan rights	**3,048,362**	–
Potential shares on acquisition of Vaya	**1,556,718**	–
Convertible notes	**–**	895,085
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**186,550,591**	173,486,700

The weighted average number of shares outstanding for the comparative period have been adjusted to reflect the share split that occurred when amaysim Australia Limited listed on the Australian Stock Exchange in July 2015.

(c) Information concerning the classification of securities

(i) Employee share rights

Employee share rights granted to employees under the amaysim incentive plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details relating to the employee share rights are set out in Note 28.

(ii) Long term incentive plan rights (LTIP)

All LTIP rights granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

(iii) Potential shares on acquisition of Vaya

The number of shares to be delivered under tranche three for the consideration paid on the acquisition of Vaya are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8 Cash and cash equivalents

	Consolidated entity As at 30 June 2016 $'000	Consolidated entity As at 30 June 2015 $'000
Current assets		
Cash and cash equivalents	**13,388**	15,021
Total cash and cash equivalents	**13,388**	15,021

Notes to the consolidated financial statements
continued

9 Trade and other receivables

	Consolidated entity As at 30 June 2016 $'000	2015 $'000
Trade and other receivables		
Trade receivables and accrued revenue	**10,091**	12,778
Provision for doubtful debts	**(1,011)**	(206)
Total trade and other receivables	**9,080**	12,572

At 30 June, the aging analysis of trade receivables is as follows:

Trade and other receivables	12 months to June 16 $'000 Gross	June 15 $'000 Gross	12 months to June 16 $'000 Provision	June 15 $'000 Provision
Balance at end of the reporting period	**10,091**	12,778	**(1,011)**	(206)
Current	**8,829**	12,301	**(249)**	(123)
31 - 60 days	**411**	62	**(41)**	(6)
61 - 90 days	**453**	44	**(363)**	(35)
91 days and over	**398**	371	**(358)**	(42)

Trade receivables that are past due but not considered impaired amounted to $606k (2015: $477k)

Each operating entity has been in direct contact with the relevant debtor and is currently in contact with respective customers to recover the amount in full.

Trade and other receivables provision	12 months to 2016 $'000	2015 $'000
Balance at the start of the reporting period	**(206)**	(107)
Charge for the year	**(840)**	(455)
Acquired	**(196)**	–
Amounts written off	**231**	356
Balance at reporting date	**(1,011)**	(206)

(i) Fair value of trade and other receivables

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

10 Other current assets

	Consolidated entity As at 30 June 2016 $'000	2015 $'000
Other current assets		
Prepayments	**989**	869
Interest accrued	**47**	–
Other	**–**	80
Total other current assets	**1,036**	949

11 Property, plant and equipment

Consolidated entity	Leasehold improvements $'000	Office equipment $'000	EDP equipment $'000	Telecommunication equipment $'000	Furniture & fittings $'000	Leased assets - MV $'000	Total $'000
At 1 July 2015							
Cost or fair value	1,405	63	930	257	139	–	2,794
Accumulated depreciation	(1,265)	(30)	(703)	(158)	(29)	–	(2,185)
Net book amount	140	33	227	99	110	–	609
Year ended 30 June 2016							
Opening net book amount	140	33	227	99	110	–	609
Acquisition of subsidiary	22	122	–	–	19	131	294
Additions	77	205	236	23	122	–	663
Disposals	–	(10)	–	–	–	(128)	(138)
Depreciation charge	(144)	(40)	(148)	(49)	(26)	(3)	(410)
Closing net book amount	95	310	315	73	225	–	1,018
At 30 June 2016							
Cost or fair value	1,504	380	1,166	280	280	–	3,610
Accumulated depreciation	(1,409)	(70)	(851)	(207)	(55)	–	(2,592)
Net book amount	95	310	315	73	225	–	1,018
At 1 July 2014							
Cost or fair value	1,405	54	792	145	87	349	2,832
Accumulated depreciation	(984)	(19)	(579)	(99)	(13)	(316)	(2,010)
Closing net book amount	421	35	213	46	74	33	822
Year ended 30 June 2015							
Opening net book amount	421	36	211	47	74	33	822
Additions	–	9	139	111	52	–	311
Depreciation charge	(281)	(12)	(123)	(59)	(16)	(33)	(524)
Closing net book amount	140	33	227	99	110	–	609
At 30 June 2015							
Cost or fair value	1,405	63	930	257	139	–	2,794
Accumulated depreciation	(1,265)	(30)	(703)	(158)	(29)	–	(2,185)
Net book amount	140	33	227	99	110	–	609

Notes to the consolidated financial statements
continued

12 Intangible assets

Consolidated entity	Goodwill $'000	Trademarks $'000	Software development $'000	Customer contracts $'000	Total $'000
At 1 July 2015					
Cost	–	5,074	8,190	–	13,264
Accumulation amortisation and impairment	–	(699)	(4,610)	–	(5,309)
Net book amount	–	4,375	3,580	–	7,955
Year ended 30 June 2016					
Opening net book amount	–	4,375	3,580	–	7,955
Acquisition of subsidiary	53,373	855	–	15,415	69,643
Additions	–	–	4,090	–	4,090
Disposal	–	–	(68)	–	(68)
Amortisation charge	–	(785)	(2,582)	(1,542)	(4,909)
Closing net book amount	53,373	4,445	5,020	13,873	76,711
At 30 June 2016					
Cost	53,373	5,929	12,163	15,415	86,880
Accumulated amortisation	–	(1,484)	(7,143)	(1,542)	(10,169)
Net book amount	53,373	4,445	5,020	13,873	76,711
At 1 July 2014					
Cost	–	–	4,990	–	4,990
Accumulation amortisation and impairment	–	–	(2,879)	–	(2,879)
Net book amount	–	–	2,111	–	2,111
Year ended 30 June 2015					
Opening net book amount	–	–	2,111	–	2,111
Additions	–	5,074	3,201	–	8,275
Amortisation charge	–	(699)	(1,732)	–	(2,431)
Closing net book amount	–	4,375	3,580	–	7,955
At 30 June 2015					
Cost	–	5,074	8,190	–	13,264
Accumulation amortisation and impairment	–	(699)	(4,610)	–	(5,309)
Net book amount	–	4,375	3,580	–	7,955

12 Intangible assets (continued)

(i) Impairment tests for goodwill

Goodwill is monitored by management at a cash generating unit level which equals the operating segment level. amaysim only has one operating segment being mobile services. A segment-level summary of the goodwill allocation is presented below:

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
Goodwill	**53,373**	–

(ii) Significant estimates: key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. Goodwill is monitored at the CGU level which equals the segment level. The recoverable amount of the Group cash generating units (CGU) that form the operating segment is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows in order to reflect a pre-tax discount rate. The pre tax discount rate used is 17% (post-tax discount rate is 12%).

Growth rate estimates - These rates have been calculated using a number of different assumptions around sales volume and net revenue over the five-year period; based on past performance and management's expectations of market development regarding the product mix and promotions that will be offered.

After the 5 year period the terminal growth rate of 2.5% has been used.

(iii) Significant estimate: Impact of possible changes in key assumptions

There are no reasonably possible changes in key assumptions that would result in an impairment.

13 Business combinations

(a) Summary of acquisition

On 1 January 2016, amaysim Australia Limited acquired 100% of the issued share capital of Vaya Pty Limited including all of its subsidiaries (Vaya group), a provider of low price mobile phone plans utilising the Optus 4G Plus Network. The acquisition has increased the Group's presence in Queensland and Vaya's 'price fighter' brand complements amaysim's 'Customer Champion' brand position.

The acquisition accounting for this business combination is provisional at 30 June 2016, pending finalisation of the purchase consideration and fair value of net assets acquired. Under the acquisition agreement, the final number of shares to be issued as consideration on or about 31 December 2016 may be adjusted for measurement period adjustments identified within a year of acquisition date.

(i) Purchase consideration

Details of the purchase consideration, on a provisional basis is as follows:

	$'000
Purchase consideration (refer to (b) below):	
Cash paid to sellers	**4,811**
Cash paid to sellers' representatives	**189**
Ordinary shares issued	**9,434**
Ordinary shares to be issued (31 December 2016)	**5,022**
Total provisional purchase consideration for the Vaya group	**19,456**

The fair value of the 4,101,672 shares issued during the period, and maximum of 2,183,406 shares to be issued at 31 December 2016 as part of the consideration for the Vaya group, is based on the published share price on 1 January 2016 of $2.30 per share.

The actual final number of shares to be issued at 31 December 2016 is subject to finalisation of measurement period adjustments that may arise before then.

Notes to the consolidated financial statements
continued

13 Business combinations (continued)

(ii) Assets acquired/liabilities assumed

The provisional value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash	(8)
Trade and other receivables	141
Accrued revenue	583
Interest accrued	46
Security deposits	5,105
Non-current assets	547
Customer contracts	15,415
Brand name	855
Deferred tax asset	120
Trade and other payables	(563)
Customer deposits	(3,566)
Employee entitlements provision	(117)
Optus liability	(45,961)
Lease liability	(414)
Deferred tax liability	(6,100)
Net identifiable assets acquired	(33,917)
Add: goodwill	53,373
	19,456

(iii) Acquired receivables

The fair value of acquired trade and other receivables is $141k. The gross contractual amount for trade and other receivables (Face Value) is approximately $337k, of which approximately $196k is expected to be uncollectible.

(iv) Goodwill from acquisition

The goodwill is attributable to the advancement of amaysim's growth through a dual-brand strategy, access to multiple market segments, increased scale and operational leverage together with the value of the underlying Vaya workforce. It will not be deductible for tax purposes.

(v) Revenue and profit contribution

As the Vaya group has been integrated with amasyim and operates as one business and as one operating segment, it is impracticable to reliably determine the Vaya group revenues and profit contributed to the consolidated amaysim Group for the period since acquisition or to estimate the Vaya group revenue and profit as if it had been acquired at the beginning of the annual reporting period.

(b) Purchase consideration - cash outflow

	2016 $'000	2015 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration to sellers	4,811	–
Cash consideration to sellers' representatives	189	–
	5,000	–
Less: balances acquired		
Bank overdraft	(8)	–
Net outflow of cash - investing activities	5,008	–

14 Deferred tax balances

(i) Deferred tax assets

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Tax losses	1,519	8,296
Capital raising expenditure	2,727	779
Employee benefits	905	603
Superannuation	108	96
	5,259	9,774

14 Deferred tax balances (continued)

(i) Deferred tax assets

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
Other		
Carried forward R&D non refundable offset	**–**	1,597
Deferred revenue	**1,303**	1,741
Accrued expenses	**140**	135
Make good provision	**94**	91
Doubtful debts	**303**	62
Other	**38**	26
Sub-total	**1,878**	3,652
Total deferred tax assets	**7,137**	13,426
Set-off of deferred tax liabilities pursuant to set-off provisions	**(5,738)**	(674)
Net deferred tax assets	**1,399**	12,752
Deferred tax assets expected to be recovered within 12 months	**5,592**	3,411
Deferred tax assets expected to be recovered after more than 12 months	**(4,193)**	9,341
	1,399	12,752

(ii) Deferred tax liabilities

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**(640)**	(667)
Intangible assets	**(4,400)**	–
Prepayments	**–**	(7)
Optus liability on Vaya acquisition - discount	**(698)**	–
	(5,738)	(674)

15 Other non-current assets

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
Other non-current assets		
Security deposits	**1,270**	527
Bank guarantees	**12,633**	2,597
Total other non-current assets	**13,903**	3,124

Security deposits comprise of restricted deposits held as security for merchant processing facilities and lease of premises. Bank guarantees comprise of restricted deposits held in relation to wholesale supply contracts.

16 Trade and other payables

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
Trade and other payables		
Trade payables	**11,263**	13,474
Accrued expenses	**14,883**	16,420
Optus activation fee liability	**11,230**	9,668
Optus liability acquired on Vaya acquisition	**18,376**	–
Total trade and other payables	**55,752**	39,562

Terms and conditions

Terms and conditions relating to the above financial liabilities:

(i) Trade payables and accrued expenses are non-interest bearing and are normally settled on 30-60 day terms.

(ii) Optus activation fee liability is non-interest bearing and is settled in accordance with the Optus agreements as set out in Note 1(g).

(iii) Optus liability acquired on Vaya acquisition is settled monthly over 24 months from the date of acquisition of Vaya Pty Limited (1 January 2016) and the liability is discounted at 9.50% which represents the fair value cost of debt. Further information is set out in Note 1(g). The last instalment will be payable January 2018.

Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in Note 22.

Notes to the consolidated financial statements
continued

17 Provisions

	Consolidated entity As at 30 June 2016			2015		
	Current $'000	**Non-Current $'000**	**Total $'000**	Current $'000	Non-Current $'000	Total $'000
Employee entitlements	**795**	**286**	**1,081**	633	78	711
Employee bonus	**1,697**	**–**	**1,697**	1,301	–	1,301
Make good	**–**	**313**	**313**	–	302	302
Other provisions	**99**	**160**	**259**	–	–	–
Total provisions	**2,591**	**759**	**3,350**	1,934	380	2,314

Employee entitlements provision relates to the Group's liability for annual leave and long service leave.

Make good provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

(i) Movements in provisions

Consolidated entity 2016	**Employee benefits $'000**	**Employee bonus $'000**	**Make good provision $'000**	**Other $'000**	**Total $'000**
Carrying amount at the start of the year	711	1,301	302	–	2,314
– additional provisions recognised	1,054	1,916	11	259	3,240
– payments made	(684)	(1,520)	–	–	(2,204)
Carrying amount at end of year	1,081	1,697	313	259	3,350

Consolidated entity 2015	Employee benefits $'000	Employee bonus $'000	Make good provision $'000	Other $'000	Total $'000
Carrying amount at the start of the year	426	1,630	245	–	2,301
– additional provisions recognised	1,048	1,851	57	–	2,956
Amounts used during the year	(763)	(2,180)	–	–	(2,943)
Carrying amount at end of year	711	1,301	302	–	2,314

18 Other non-current liabilities

	Consolidated entity As at 30 June 2016 $'000	2015 $'000
Other non-current liabilities		
Optus activation fee liability	**2,128**	3,593
Optus liability acquired on Vaya acquisition	**11,514**	–
Total non-current other payables	**13,642**	3,593

18 Other non-current liabilities (continued)

Terms and conditions

Terms and conditions relating to the above financial liabilities:

(i) Optus activation fee liability is non-interest bearing and is settled in accordance with the Optus agreements as set out in Note 1(g).

(ii) Optus liability acquired on Vaya acquisition is settled monthly over 24 months and the liability is discounted at 9.50% which represents the fair value cost of debt. Further information is set out in Note 1(g). The last instalment will be payable January 2018.

Details regarding interest rate and liquidity risk exposure are set out in Note 22.

19 Fair value measurements

As at 30 June 2016 the Group holds no assets or liabilities that require fair value measurements, other than the Share based payments outlined in Note 28 on pages 75 to 76. The fair values of all financial instruments held on the balance sheet as at 30 June 2016 equal the carrying amount.

20 Equity

(a) Contributed equity

(i) Share capital

	2016 $'000	2015 $'000
Ordinary shares		
Opening balance	**35,521**	32,017
Contributions of equity, net of transaction costs and tax	**12,561**	3,504
Issue of shares as consideration for business combination	**9,434**	–
Shares to be issued as consideration for business combination	**5,022**	–
Closing balance	**62,538**	35,521

(ii) Movements in ordinary share capital

Details	**Number of shares**
Opening balance	1,149,435
Exercise of employee share rights	2,341,938
Share split (145 new shares per one existing share)	165,518,640
New shares issued during IPO	7,155,657
New shares issued as consideration for Vaya Pty Limited	4,101,672
Closing balance	180,267,342

(iii) Movements in employee share rights

Details	**Number of rights**
Opening balance	48,454
Share split (145 new shares per one existing share)	6,977,376
Rights vesting	(2,341,938)
Rights forfeited	(332,149)
Closing balance	4,351,743

(iv) Movement in long term incentive plan

Details	**Number of options**
Opening balance	–
Rights granted 10 July 2015	2,825,000
Rights granted 30 October 2015	1,112,660
Rights granted 8 March 2016	421,607
Closing balance	4,359,267

(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.

Notes to the consolidated financial statements
continued

20 Equity (continued)

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

Upon a poll each ordinary share is entitled to one vote. At 30 June 2016 there were 180,267,342 ordinary shares issued.

(b) Equity compensation reserve

	Consolidated entity As at 30 June 2016 $'000	2015 $'000
Movements:		
Opening balance	**1,829**	–
Employee share plan expense	**951**	1,829
Closing balance	**2,780**	1,829

The equity compensation reserve is used to recognise the value of the equity compensation plans issued to selected employees of the Group. Fair value measurement has been used to determine the equity compensation reserve amount as outlined in Note 28.

(c) Retained earnings

	Consolidated entity As at 30 June 2016 $'000	2015 $'000
Opening balance	**24,009**	–
Net profit for the year	**12,306**	24,009
Dividends paid	**(5,351)**	–
Closing balance	**30,964**	24,009

21 Cash flow information

(a) Reconciliation of cash and cash equivalents

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

	Consolidated entity As at 30 June 2016 $'000	2015 $'000
Cash and cash equivalents	**13,388**	15,021

(b) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity Year ended 30 June 2016 $'000	2015 $'000
Net profit after tax	**12,306**	24,009
Add back:		
IPO expenses	**8,633**	–
Non-cash items:		
Depreciation and amortisation	**5,319**	2,955
Share-based payments expense	**951**	1,829
Net loss/(gain) on sale of non-current assets	**76**	(171)
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	**4,220**	(7,082)
Movement in tax accounts	**6,184**	(12,752)
(Increase) in other assets	**(41)**	(1,742)
(Decrease)/increase in trade and other payable	**(4,230)**	7,912
Increase in other provisions	**2,218**	342
(Decrease) in customer deposits	**(242)**	–
(Decrease)/increase in deferred revenue	**(2,676)**	3,374
Optus liability acquired on Vaya acquisition	**(16,071)**	–
Increase/(decrease) in Optus activation fee	**97**	(543)
Net cash inflows from operating activities	**16,744**	18,131

21 Cash flow information (continued)

(c) Non-cash investing and financing activities

	Consolidated entity Year ended 30 June 2016 $'000	2015 $'000
Acquisition of business combination by means of share issue	**14,456**	–

As detailed in Note 13, on 1 January 2016, amaysim Australia Limited acquired 100% of the issued share capital of the Vaya group by way of a share issue.

22 Financial risk management

amaysim's activities expose it to a variety of financial risks: market risk including foreign currency risk, price risk and interest rate risk, credit risk and liquidity risk. It is the role of the Audit and Risk Management Committee to have general oversight of risk management systems and internal control structures inclusive of those financial risks identified here.

The Group does not have any derivative financial instruments and the only financial assets and liabilities comprise cash and cash equivalents, receivables, payables, security deposits and bank guarantees.

(a) Market risk

(i) Foreign currency risk

amaysim has minimal foreign exchange risks. All sales and the majority of expenses are denominated in Australian dollars. There is a small amount of operating expenses that are invoiced and paid in foreign currency (primarily USD). Ordinarily, the foreign currency invoices are paid within 30 days ensuring minimal foreign exchange exposure.

As at 30 June 2016 the Group had two USD bank accounts. The balances are kept at a minimum to cover any foreign currency operating expenses the business has. The combined balance at year end was $US61,976 and the average monthly closing balance for this account was $US150,099, which ensured the foreign exchange risk is minimised.

(ii) Interest rate risk

The Group's only exposure to interest rate risks are contained within the assets. This is in the form of security deposits and cash at bank. Therefore, whilst a change in interest rates will impact the Group's interest income it does not have a material impact on the operations of amaysim.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to amaysim.

amaysim's business model naturally allows its credit risk to be mitigated. As amaysim has a large customer base it allows the risk to be spread over large number of counterparties rather than large risks with a few small counterparties. Also, each customer only spends a small amount (with an average revenue per user of less than $30 per month) the impact of individual customers not paying their bill is small.

amaysim uses methods such as obtaining agency credit information, confirming references and setting appropriate credit limits and referring overdue accounts to an external collections agency to mitigate risks. The Group recognises the estimated financial impact of credit risk in the consolidated balance sheet as a provision for doubtful debt.

(c) Liquidity risk

amaysim actively monitors its liquidity risks to ensure sufficient liquid assets (mainly cash and cash equivalents) are maintained to pay debts as and when they become due and payable.

amaysim manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Financing arrangements

The Group has no borrowings and no undrawn borrowing facilities at the end of the reporting period.

(ii) Maturities of financial liabilities

The tables below shows the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

Contractual maturities of financial liabilities	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
At 30 June 2016					
Non-derivatives					
Trade and other payables	**55,752**	–	–	–	**55,752**
Other liabilities	–	**13,642**	–	–	**13,642**
Total non-derivatives	**55,752**	**13,642**	–	–	**69,394**

Contractual maturities of financial liabilities	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
At 30 June 2015					
Non-derivatives					
Trade and other payables	39,562	–	–	–	39,562
Other liabilities	–	3,593	–	–	3,593
Total non-derivatives	39,562	3,593	–	–	43,155

Notes to the consolidated financial statements
continued

23 Capital management

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group has no gearing restrictions and as such the capital management policies are designed around providing sufficient cashflow for operational activities including maintaining required security deposits and the provision of dividends based on a payout ratio of 60% to 80% of amaysim's underlying NPATA.

24 Interests in other entities

(a) Interests in associates and joint ventures

The Group has an interest in Octopus Ventures Inc (incorporated joint venture) and Airtasker Pty Limited. The carrying value of these interests are individually immaterial.

Subsequent to year end, the Group has been formally approached to sell its shares in Airtasker, and the Directors believe it is probable the shares will be sold. It is not practicable to determine an estimate of the financial effect of the sale.

25 Contingent liabilities

(a) Contingent liabilities

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

(i) Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418, the wholly-owned subsidiaries as mentioned below are relieved from the Corporation Act 2001 requirements for preparation, audit, and lodgement of financial reports and directors' report.

As a condition of the Class Order, amaysim Australia Limited and its subsidiaries (closed group) entered into a Deed of Cross Guarantee. The effect of the Deed is that amaysim Australia Limited has guaranteed to pay any deficiency in the event of the winding up of any of those subsidiaries. Those subsidiaries have also given a similar guarantee in the event that amaysim Australia Limited is wound up.

The deed was executed on 9 June 2016 and was only in operation for the current financial year.

The subsidiaries subject to the Deed at the end of the reporting period are:

- amaysim Australia Limited
- amaysim Services Pty Limited
- EastPoint IP Pty Limited
- Vaya Pty Limited
- Live Connected Holdings Pty Limited
- Live Connected Incubator Pty Limited
- Live Connected Pty Limited
- Zenconnect Pty Limited
- amaysim Operations Pty Limited
- amaysim Ventures Pty Limited
- amaysim Labs Pty Limited
- amaysim SaleCo Limited

The above companies represent a 'closed group' for the purposes of the Class Order.

Key financial information relating to the closed group is summarised below for the year ended 30 June 2016.

Statement of Comprehensive Income

	2016 $'000
Revenue from continuing operations	253,537
Other income	488
Network related expenses	(168,489)
Marketing expenses	(12,466)
Employee benefits expense	(21,802)
Depreciation and amortisation expense	(5,319)
IPO expenses	(8,633)
Acquisition expenses	(1,734)
Finance costs	(1,755)
Other expenses	(15,380)
Profit before income tax	18,447
Income tax expense	(6,171)
Profit attributable to the owners of the closed group	12,276

25 Contingent liabilities (continued)

Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2016 of the closed group consisting of amaysim Australia Limited and the subsidiaries subject to the Deed.

	2016 $'000
Current assets	
Cash and cash equivalents	13,340
Trade and other receivables	9,374
Other current assets	1,016
Total current assets	23,730
Non-current assets	
Property, plant and equipment	1,017
Intangible assets	76,711
Deferred tax assets	1,399
Other non-current assets	13,573
Total non-current assets	92,700
Total assets	116,430
Current liabilities	
Trade and other payables	55,690
Customer deposits	3,324
Deferred revenue	7,449
Provisions	2,591
Current tax liabilities	694
Total current liabilities	69,748
Non-current liabilities	
Provisions	759
Other liabilities	13,642
Total non-current liabilities	14,401
Total liabilities	84,149
Net assets	32,281
Equity	
Contributed equity	62,538
Equity compensation reserve	2,780
Retained earnings	30,934
Accumulated losses (prior year)	(63,971)
Total equity	32,281

26 Commitments

(a) Lease commitments:

Non-cancellable operating leases

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

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,855	1,300
Later than one year but not later than five years	6,405	4,910
Later than five years	–	412
Minimum lease payments	8,260	6,622

(b) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated entity As at 30 June	
	2016 $'000	2015 $'000
Property, plant and equipment	292	–

Notes to the consolidated financial statements
continued

27 Related party transactions

(a) Parent entities

The ultimate parent entity is amaysim Australia Limited.

(b) Subsidiaries

amaysim Australia Limited has the following subsidiaries:

Entity name	Country of incorporation	Equity Interest as at 30 June 2016	2015
amaysim Services Pty Limited	Australia	100%	100%
Eastpoint IP Pty Limited	Australia	100%	100%
amaysim Operations Pty Limited	Australia	100%	–
amaysim Ventures Pty Limited	Australia	100%	–
amaysim Labs Pty Limited	Australia	100%	–
amaysim SaleCo Limited	Australia	100%	–
Vaya Pty Limited	Australia	100%	–
Zenconnect Pty Limited	Australia	100%^	–
LiveConnected Holdings Pty Limited	Australia	100%^	–
LiveConnected Pty Limited	Australia	100%^	–
LiveConnected Incubator Co Pty Limited	Australia	100%^	–
Oz Export Support Services Corporation	Philippines	99%^	

^ Equity is held through Vaya Pty Limited

All subsidiaries have a 30 June financial year end, except for Oz Export Support Services Corporation which has a 31 December financial year end.

In order to comply with Philippines shareholding requirements, 1% of the shareholding in Oz Export Support Services Corporation must be held locally. amaysim Australia Limited has effective control of Oz Export Support Services Corporation (subject to certain local regulatory requirements) and it has been consolidated on this basis.

Various intercompany loans are in existence between the parent entity and some of its wholly owned subsidiaries. The loans are unsecured, interest free and have no fixed terms for repayment. The loans are a net asset to the parent entity of $12,900k.

amaysim Australia Limited engages amaysim Services Pty Limited to provide Customer Service Centre.

Oz Exports Support Services Corporation is engaged to provide Customer Services Centre and software development services.

Eastpoint IP Pty Limited is a dormant entity, which was used to acquire the amaysim trademark.

Vaya Pty Limited and its subsidiaries were acquired by amaysim as an Australian online-only mobile services provider and has been fully integrated into amaysim.

(c) Transactions with other related parties

Unless otherwise disclosed, transactions with other related parties are made on normal commercial terms and conditions.

The Group carries out its business over 4 floors at 17-19 Bridge St, Sydney. This building is owned by Bridgelane Holdings Pty Limited (Bridgelane). Bridgelane is owned by a minority shareholder in the Group. The leasing agreements are based on normal commercial terms and conditions and managed by an external and independent building management entity (Colliers International (NSW) Pty Limited).

(d) Key management personnel compensation

	Consolidated entity Year ended 30 June 2016 $	2015 $
Short-term employee benefits	**2,792,285**	2,307,431
Post-employment benefits	**116,142**	148,442
Long-term benefits	**25,968**	–
Termination benefits	**–**	–
Share-based payments	**799,617**	990,159
	3,734,012	3,446,032

28 Share-based payments

(a) Long term incentive plan (LTIP)

During the financial year 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	555,830
30 Oct 2015	2	Jul 2015 - Jun 2019	Aug 2019	$0.83	277,915
30 Oct 2015	3	Jul 2015 - Jun 2020	Aug 2020	$0.83	277,915
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
					4,358,267

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.

Notes to the consolidated financial statements
continued

28 Share-based payments (continued)

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.

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

Tranche	Balance 1 July 2015	Forfeited during the year	Exercised during the year	Balance 30 June 2016
Tranche 1	16,151	–	(16,151)	**–**
Tranche 2	16,151	(1,090)	–	**15,061**
Tranche 3	16,152	(1,202)	–	**14,950**
Total	48,454	(2,292)	(16,151)	**30,011**

No ESRP rights were granted during the financial year.

On 15 July 2015, 16,151 share rights converted to 2,341,895 ordinary shares in amaysim Australia Limited at a price of $1.80 each.

Tranche 2 rights will vest in August 2016 and tranche 3 rights will vest in August 2017.

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 startup companies and have chosen a volatility assumption of 80%.

29 Remuneration of auditors

The following fees were paid or payable by the amaysim Group for and on behalf of all group entities for services provided by the auditor and its related practices during the financial year:

(a) PricewaterhouseCoopers

(i) Audit and other assurance services

	Consolidated entity Year ended 30 June 2016 $	2015 $
Audit and other assurance services		
Audit and review of financial statements	**425,400**	372,400
Total remuneration for audit and other assurance services	**425,400**	372,400

29 Remuneration of auditors (continued)

(ii) Other services

	Consolidated entity Year ended 30 June	
	2016 $	2015 $
Tax advice and due diligence services	**400,600**	–
Investigating accountant's report	**–**	653,553
Total remuneration for other services	**400,600**	653,553
Total remuneration of PricewaterhouseCoopers	**826,000**	1,025,953

(b) Network firms of PricewaterhouseCoopers

(i) Audit and other assurance services

	Consolidated entity Year ended 30 June	
	2016 $	2015 $
Audit and review of financial statements	**15,000**	–
Total auditors' remuneration	**841,000**	1,025,953

30 Parent entity financial information

(a) Summary financial information

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

	2016 $'000	2015 $'000
Net profit after tax for the year	**12,508**	23,978
Total comprehensive income	**12,508**	23,978

	2016 $'000	2015 $'000
Balance sheet		
Current assets	**32,740**	26,874
Non-current assets	**43,170**	24,850
Total assets	**75,909**	51,724
Current liabilities	**40,549**	50,367
Non-current liabilities	**2,784**	3,973
Total liabilities	**43,334**	54,340
Net Assets	**32,575**	(2,616)
Equity		
Issued capital	**62,538**	35,521
Equity compensation reserve	**2,780**	1,829
Retained earnings	**31,201**	23,978
Accumulated losses (prior years)	**(63,944)**	(63,944)
	32,575	(2,616)

31 Events occurring after the reporting period

(a) Acquisition of Australian Broadband Services Pty Limited

On 19 July 2016 amaysim Australia Limited entered into terms of agreement to purchase Australian Broadband Services Pty Limited (AusBBS). This acquisition accelerates its strategy of entering into the broadband market in order to be ready for the upcoming 'forced churn' event presented by the rollout of the National Broadband Network (NBN).

The transaction remains subject to the satisfaction of customary conditions precedent and completion is expected to occur in late August 2016. The financial effects of this transaction have not been brought to account at 30 June 2016. The operating results and assets and liabilities of AusBBS will be consolidated from the date of completion. Provisional fair values of assets, liabilities and purchase consideration will be determined after completion of the acquisition.

Notes to the consolidated financial statements
continued

31 Events occurring after the reporting period (continued)

(i) Purchase consideration

Under the terms of the transaction, amaysim will pay:

	$'000
Cash on completion	1,000
amaysim shares on completion	1,500
amaysim shares one year after completion	1,500
Total purchase consideration	4,000

50% of the amaysim shares received by AusBBS's key personnel on completion with be escrowed for 6 months.

amaysim shares received one year after completion are subject to customary warranty claims and the successful integration of AusBBS' proprietary platform into amaysim's business.

The parties have also agreed to a maximum earn-out of $5.45m payable in cash and amaysim shares. The earn-out is subject to minimum and maximum targets in respect of subscriber growth and profitability. It will be measured and paid at the end of the second and third years after completion.

amaysim shares to be issued at $1.77 (30 trading day volume weighted average price to 15 July 2016). Maximum earn-out payable at the end of year two after completion is $2.325m and maximum earn-out payable at the end of year three after completion is $3.125m. Escrows are subject to certain other customary early release triggers.

(ii) Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the Group had not yet completed the acquisition or the accounting for the acquisition. In particular the fair values of the assets, liabilities and consideration had not been determined as independent valuations had not yet been obtained. It is also not yet possible to provide detailed information about each class of any acquired receivables and any contingent liabilities of the acquired entity.

(b) Dividend payable

The directors declared a dividend of 5.3 cents per share on 18 August 2016. Further details are set out on Note 6 of this report.

Directors' Declaration

for the year ended 30 June 2016

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

(a) the financial statements and notes set out on pages 47 to 78 and the Remuneration Report set out in this Report, 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 30 June 2016 and of its performance for the 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, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group, as set out in Note 25, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Andrew Reitzer
Director Sydney

Julian Ogrin
Director Sydney

19 August 2016

pwc

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

Report on the financial report

We have audited the accompanying financial report of amaysim Australia Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for amaysim Australia group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Auditor's opinion

In our opinion:

(a) the financial report of amaysim Australia Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1 (a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 32 to 43 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of amaysim Australia Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

S Prakash
Partner

Sydney
19 August 2016

Glossary

Term	Meaning
3G	Third generation mobile telecommunications. These are broadband mobile telecommunication services which support voice channels, IP-based video and data service
4G	Fourth generation mobile telecommunications. These are enhanced broadband mobile telecommunication services which support voice, video and data services over an all-IP network
4G Plus	4G including 700MHz network
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AusBBS	Australian Broadband Services
ADMA	Association for Data-Driven Marketing & Advertising
amaysim	The business carried out by the "amaysim" brand
Appendix	An appendix to this Annual Report
ARPU	Average revenue per Subscriber, calculated as net revenue for the period divided by average Subscribers for that period, and expressed on a monthly basis
ASX	ASX Limited (ACN 008 624 691) or the market operated by ASX Limited, as the context requires
ASX Listing Rules	Official listing rules of ASX
Board or Board of Directors	The board of directors of the Company
BYO or Bring Your Own	Subscribers that use Mobile Services by way of their own devices instead of purchasing a device from the Mobile Service Provider
CAGR	Compound annual growth rate
Capital Expenditure	A combination of capitalised product development costs and other costs primarily related to property, plant and equipment

Term	Meaning
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Churn	A telecommunications industry measure of the number or proportion of subscriptions that disconnected from a telecommunications provider's service over a period of time
Company	amaysim Australia Limited (ACN 143 613 478)
Corporations Act	Corporations Act 2001 (Cth)
Director	Each of the directors of the Company from time to time
DIY	Do it yourself which is in reference to self-service
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS CAGR	CAGR of earnings per Share
ESP	The employee share plan
Group	amaysim Australia Limited (ACN 143 613 478) and its subsidiaries
IFRS	International Financial Reporting Standards
IT	Information Technology
KPI	Key Performance Indicator
LTI awards	Options or performance rights to subscribe for or be transferred Shares, which may be offered to eligible employees (including executives, officers and permanent employees) selected by the Directors at their discretion
LTIP or Long Term Incentive Plan	amaysim's long term incentive plan, under which LTI awards may be offered to eligible employees (including executives, officers and permanent employees) selected by the Directors at their discretion

Term	Meaning
MNO or Mobile Network Operator	Mobile network operator which holds licences to use radio frequency spectrum and owns or operates wireless communications networks, including towers, base stations and switching centres. They are the dominant type of MSP and typically offer lock-in contracts with subsidised handsets
Mobile Services	2G, 3G and 4G mobile services including voice calling, video calling, SMS and multimedia messaging throughout Australia and between Australia and international destinations, data and a range of information, entertainment and connectivity services related to those services
MSP or Mobile Services Provider	A provider of Mobile Services
MVNO or Mobile Virtual Network Operator	Mobile virtual network operator which purchases wholesale services from MNOs and does not operate mobile network infrastructure. A MVNO inserts its own brand and addresses a particular market segment. MVNOs are generally free to set their own tariffs and distribute SIMs under their brand through their own distribution channels. They also provide their own customer service
NPAT	Net profit after tax
NPATA	NPAT before amortisation and this measure is intended to remove the effect of non-cash charges of acquired intangibles other than software
NPS or Network Service Agreement or NSA	Net Promoter Score is a management tool that can be used to gauge the loyalty of a firm's customer relationships; it serves as an alternative to traditional customer satisfaction research
NSA	amaysim's wholesale network supply agreement with Optus

Term	Meaning
Optus	Each of Optus Mobile Pty Limited (ACN 054 365 696) and Optus Networks Pty Limited (ACN 008 570 330) when used in reference to amaysim's NSA counterparty. Otherwise, Optus refers to Singtel Optus Pty Limited (ACN 052 833 208)
PwC	PricewaterhouseCoopers
PwCS or Investigating Accountant	PricewaterhouseCoopers Securities Ltd
SaleCo	amaysim SaleCo Pty Limited (ACN 605 248 315)
Shareholder	The registered holder of a Share
Shares	Fully paid ordinary shares in the capital of the Company
SIM	Subscriber Identity Module cards that contain a smart chip with memory that allows for data storage and software applications
Smartphone	A mobile phone built on a mobile operating system, with more advanced computing capability and connectivity
SMS	Short Message Service; a text message service which enables users to send short messages (160 characters or less) to other users
Subscribers	The number of active mobile accounts or active SIMs rather than individual users
TCP Code	Telecommunications Consumer Protection Code
TIO	Telecommunications Industry Ombudsman
Underlying NPATA	Net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles, IPO expenses and other acquisition, integration and transaction expenses

www.amaysim.com.au

ABN 65 143 613478

amaysim