

APPENDIX 4D

Half-year Report for the period ending 30 September 2017

1. Name of entity

Flexiroam Limited and its Controlled Entities
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ABN	Reporting Period	Previous Corresponding Period (Restated)
27 143 777 397	Half year ended 30 September 2017	Half year ended 30 September 2016

2. Results for Announcement to the Market

Financial Results	30 Sept 2017 AUD	30 Sept 2016 AUD
Revenues from ordinary activities (<i>item 2.1</i>)	1,083,502	1,228,459
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	(2,709,295)	(2,347,539)
Net profit for the period attributable to members (<i>item 2.3</i>)	(2,709,295)	(2,347,539)
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid .	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A	
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	A combination of lower operating sales and higher direct costs had resulted in higher net loss compared to the previous half-year.	

3. NTA Backing

	Current Period	Previous Corresponding Period (Restated)
Net tangible assets per ordinary share (<i>Item 3</i>)	0.7 cents	1.6 cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A
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5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
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6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation.
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7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	N/A
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8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
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9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>) [to input after receiving the auditor's review opinion] N/A
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There are no audit disputes or qualifications to the review opinion. [if applicable] N/A
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**FLEXIROAM LIMITED AND
ITS CONTROLLED ENTITIES**
ACN 143 777 397

Consolidated Interim Financial Report
for the half-year ended 30 September 2017

TABLE OF CONTENTS

CORPORATE INFORMATION	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	22
INDEPENDENT AUDITOR'S DECLARATION	23

CORPORATE INFORMATION

This half-year report is for Flexiroam Limited and its controlled entities. Unless otherwise stated, all amounts are presented in \$AUD.

DIRECTORS	Jefrey Ong (appointed 18 March 2015) Dato' Larry Gan Nyap Liou (appointed 18 November 2015) Paul Khong (appointed 22 April 2016) Cheryl Yeoh (appointed 1 October 2016) Wai Hong Fong (appointed 1 October 2016)
COMPANY SECRETARY	Kim Hogg (appointed 15 June 2016)
REGISTERED OFFICE	79 Broadway, NEDLANDS WA 6009
PRINCIPAL PLACE OF BUSINESS	22-2 Jalan PJU 8/3A, Bandar Damansara Perdana, 47820, Petaling Jaya, Selangor D.E., Malaysia
AUDITORS	BDO Audit (WA) Pty Ltd 38 Station Street, Subiaco, WA 6008
BANKERS	National Australia Bank 100 St Georges Terrace, PERTH WA 6000
SOLICITORS	Dean & Co. Lot 1, Aman Kiara, No. 1, Jalan Kiara 5 Mont Kiara, 50480, Kuala Lumpur, Malaysia Ph : 603 6211 0771 Fax : 603 6207 5475
SHARE REGISTRY	Advanced Share Registry 110 Stirling Highway, NEDLANDS WA 6009 Ph : 08 9389 8033 Fax : 08 9262 3723
SECURITIES EXCHANGE LISTING	Flexiroam Limited shares are listed on the Australian Securities Exchange (ASX code : FRX)
WEBSITE	www.flexiroam.com
CONTACT INFORMATION	Ph : +61281883919 Email : investor@flexiroam.com

DIRECTORS' REPORT

The Directors of Flexiroam Limited ('the Company') and its controlled entities submit herewith the financial report of the Company and its controlled entities ('the Group') for the half-year ended 30 September 2017.

Directors

The Directors of the Company during or since the end of the half-year are:

- Jeffrey Ong (appointed 18 March 2015)
- Dato' Larry Gan Nyap Liou (appointed 18 November 2015)
- Paul Khong (appointed 22 April 2016)
- Cheryl Yeoh (appointed 1 October 2016)
- Wai Hong Fong (appointed 1 October 2016)

Company Secretary

- Kim Hogg (appointed 15 June 2016)

Principal Activities

The Group is involved in telecommunications.

Reclassification

A reclassification has been made to prior period's financial statements for the half-year ended 30 September 2016 in order to conform to the current year's presentation. Specifically, a total of \$62,798 related to network costs which was included in cost of sales had been reclassified to be included in marketing expenses. The network costs of \$62,798 were incurred as a result of free data promotion distributed for customer acquisition activities effort through various marketing campaigns. The reclassification had no impact on results of operations previously reported.

Restatement

In the half-year of 2017, the management reviewed the classification of X-Microchip as an item of property, plant and equipment in the statement of financial position. Based on the review, the management concluded that it would be more appropriate to classify X-Microchips as inventory to be expensed when the X-Microchips were distributed. Accordingly, the half-year accounts prepared in 2016 were restated to reflect the reclassification. The impact of the restatement was an increase of net loss for half-year ended 30 September 2016 by AUD 7,513.

	HALF-YEAR ENDED 30 SEP 2016 \$	(INCREASE) / DECREASE \$	HALF-YEAR ENDED 30 SEP 2016 \$
	(Previous Policy)		(Restated)
Loss for the period	(2,340,026)	(7,513)	(2,347,539)

For more details please refer to the consolidated statement of profit or loss, the consolidated statement of financial position, consolidated statement of cash flow, Note 1, Note 3, Note 5 and Note 9.

DIRECTORS' REPORT

Financial Performance Review

Revenue

During the half-year period under review, after extensive analysis of market data gathered by our Flexiroam Tracking System (FTS), we made substantive changes to our pricing and marketing strategies to increase average customer spend and sale repetition. As a result, revenue from consumer business increased by 137% from AUD 225,866 to AUD 535,212.

Revenue from corporate business declined by 45% from AUD 1,002,593 to AUD 548,290. The results should however be viewed in the context of a major shift in our business strategy in this B2B business segment – the emphasis of creating an international network of local wholesale distributors to push corporate sales. Although this shift in business strategy did not give us an immediate return in terms of revenue increase, it has enabled us to increase the geographical spread of our corporate customer base. While in the previous half-year our corporate sales were derived from Malaysia and Singapore only, we now have corporate customers in 37 countries.

On an overall basis, total revenue decreased by 12% to AUD 1,083,502 due primarily to the decline in sales from corporate business.

Costs of sales

Total costs of sales increased by 311% to AUD 975,239. The increase was primarily due to increase in network costs caused by surge in data consumption, brought about by increased average daily active customers.

Operating expenses

Operating expenses excluding depreciation, amortisation and forex loss were held at bay through various cost control measures and decreased by 29%, while operating expenses including depreciation, amortisation and forex loss decreased by 22%. Substantive cost savings were achieved through optimisation of our digital marketing and extensive streamlining of research and development activities. Administrative expenses decreased by 8% while staff costs were held constant.

Loss for the half-year

As a result of the substantial increase in direct costs and marginal decrease in revenue, the loss before depreciation, amortisation and finance expenses increased by 30%, while net loss increased by 15%.

Cashflow

Cash received from customers decreased by 31% to AUD 1,223,473 while cash payments for operating expenses decreased by 31%. As a result, net cash flows used in operating activities improved by 30% to AUD 1,170,721. Cash flows from both investing and financing activities contributed little to the overall cash flows movements. Net cash flows used in investing activities decreased by 10% while net cash flows used in financing activities decreased by 66%.

Financial position

As at 30 September 2017, the Group had net assets of AUD 15,351,797, representing a 13% decrease from AUD 17,730,677 at 31 March 2017, while current assets exceeded current liabilities by AUD 1,143,757 (31 March 2017: AUD 2,894,426).

DIRECTORS' REPORT

Review of Operations

April 2017

- Flexiroam enters into a joint marketing agreement with UnionPay International (“UPI”) aimed at gaining leverage on UPI’s international customer base. UPI is a global payment services provider with a wide range of payment solutions for businesses and consumers.
- Flexiroam signs a partnership agreement with Scoot Tigerair Staff Union (“STSU”) to promote Flexiroam services to STSU members. The one-year collaboration focuses on airline personnel, identified as prime candidates for using Flexiroam X, by providing added convenience for frequent travelers through access to fast internet on the go abroad without the need to switch SIM cards.
- Flexiroam enters a joint marketing agreement with Air Line Pilots Association Singapore (“ALPA-S”) to promote Flexiroam services to ALPA-S members. The two-year promotion offers ALPA-S members exclusive offers when purchasing Flexiroam X, again targeting airline crews who are frequent travellers across many countries.

July 2017

- Flexiroam signs a partnership agreement with Korean Air (“KA”) to promote Flexiroam services to KA passengers. KA is the flag carrier of South Korea, with a fleet consisting of 177 aircrafts and operating scheduled flights to 129 cities in over 46 countries. The partnership is designed to increase exposure and widen awareness of Flexiroam X by partnering with a leading Korean airline and a dominant travel industry player, in line with the Company’s growth strategy of securing recurrent revenue streams from frequent travellers.

August 2017

- Flexiroam signs a partnership agreement with Bluwire Group LLC (“Bluwire”) to promote Flexiroam services in major international airports in the United States. Bluwire operates 14 retail stores that are located in strategic areas in 7 international airports in the US, including John F Kennedy International Airport and George Bush Intercontinental Airport, selling consumer technology products. These airports typically host between 21 million to over 100 million travellers per year.
- Flexiroam signs a partnership agreement with Telemart of Pakistan to promote Flexiroam services through Telemart’s retail and online stores. Telemart is an eminent electronic giant operating 160 retail stores in 28 cities in Pakistan and Dubai, as well as an online store with over 5 million subscribers. This partnership provides a unique opportunity for Flexiroam to tap into the Pakistani and Dubaian markets that have an estimated yearly traveller of 12.7 million and 83.6 million respectively.
- Flexiroam signs a partnership agreement with Exactta Communications (“Exactta”) to promote Flexiroam services in 3 major international airports in Europe and 1 in the US. Exactta specialise in providing telephone and internet connections using the latest technology in telecommunication. The partnership with Exactta will provide a platform for Flexiroam to distribute Flexiroam X in 4 major international airports, namely Leonardo da Vinci-Fiuminico Airport in Italy, The Adolfo Suarez Madrid-Barajas Airport in Spain, the Miami International Airport in the US and the Rio de Janeiro – Galeao International Airport in Brazil.

September 2017

- Flexiroam signs a partnership agreement with KLM Royal Dutch Airlines (“KLM”) to promote Flexiroam services to KLM passengers. KLM is one of the oldest and a leading major airline in the European aviation industry. Similar to the partnership with KA, the partnership with KLM is designed to increase exposure and widen awareness of Flexiroam X among European travellers.

DIRECTORS' REPORT

Auditor's Independence Declaration

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

Signed in accordance with a resolution of directors made pursuant to s.306 (3)(a) of the Corporations Act 2001.



Jefrey Ong
Chief Executive Officer

Signed at Kuala Lumpur on this 29th day in November 2017

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF FLEXIROAM LIMITED

As lead auditor for the review of Flexiroam Limited for the half-year ended 30 September 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Glyn O' Brien
Director

BDO Audit (WA) Pty Ltd
Perth, 29 November 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017**

	NOTES	HALF-YEAR ENDED 30 SEP 2017 \$	HALF-YEAR ENDED 30 SEP 2016 \$
			(Restated)
Revenue	2	1,083,502	1,228,459
Cost of sales	3	(975,239)	(237,246)
Gross profit / (loss)		<u>108,263</u>	<u>991,213</u>
Interest received		20,158	57,958
Foreign exchange gains / (loss)		(48,275)	235,240
Other income		3,212	9,883
Administration and operating expenses	4	(388,373)	(421,447)
Marketing expenses		(805,545)	(1,280,460)
Research and development		(166,808)	(454,010)
Staff costs		(433,264)	(420,282)
Depreciation and amortisation		(941,187)	(1,021,498)
Allowance for doubtful accounts		-	(33,252)
Finance expenses		(57,476)	(10,884)
Loss before income tax		(2,709,295)	(2,347,539)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the period		<u>(2,709,295)</u>	<u>(2,347,539)</u>
Other comprehensive (loss)/income			
<i>Items that may be re-classified to profit or loss:</i>			
Foreign exchange translation		348,960	(1,222,011)
Revaluation of available-for-sale assets		(18,545)	76,345
Total other comprehensive profit / (loss), net of tax		<u>330,415</u>	<u>(1,145,666)</u>
Total comprehensive loss for the period		<u>(2,378,880)</u>	<u>(3,493,205)</u>
Loss per share (basic and diluted)		(1.4) cents	(1.2) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	NOTES	AS AT 30 SEP 2017 \$	AS AT 31 MAR 2017 \$
			(Restated)
CURRENT ASSETS			
Cash and cash equivalents		1,963,307	3,145,770
Trade and other receivables		230,444	68,537
Inventory	5	161,148	201,048
Available-for-sale financial assets	6	64,291	82,836
Other assets	7	25,025	75,852
Total current assets		2,444,215	3,574,043
NON-CURRENT ASSETS			
Intellectual property	8	14,012,777	14,631,983
Plant and equipment	9	225,958	240,931
Total non-current assets		14,238,735	14,872,914
Total Assets		16,682,950	18,446,957
CURRENT LIABILITIES			
Trade and other payables		600,333	276,992
Deferred revenue	10	686,911	389,959
Borrowings		13,214	12,666
Total current liabilities		1,300,458	679,617
NON-CURRENT LIABILITIES			
Borrowings		30,695	36,663
Total non-current liabilities		30,695	36,663
Total Liabilities		1,331,153	716,280
Net Assets		15,351,797	17,730,677
EQUITY			
Issued capital	11	36,268,139	36,268,139
Reserves		(3,537,390)	(3,867,806)
Accumulated losses		(17,378,952)	(14,669,656)
Total equity		15,351,797	17,730,677

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

	ISSUED CAPITAL	OPTION AND PERFORMANCE RIGHTS RESERVE	FOREX TRANSLATION RESERVE	AVAILABLE- FOR-SALE RESERVE	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$	\$	\$
Balance at 1 Apr 2016 (Reported)	35,863,139	704,993	(1,661,080)	-	(9,461,209)	25,445,843
Prior year adjustment for accounting policy change	-	-	67	-	(7,513)	(7,446)
Loss for the period	-	-	-	-	(2,340,026)	(2,340,026)
Other comprehensive profit / (loss) for the period	-	-	(1,222,078)	76,345	-	(1,145,733)
Total comprehensive loss for the period	-	-	(1,222,011)	76,345	(2,347,539)	(3,493,205)
Share-based payments	405,000	(405,000)	-	-	-	-
Balance at 30 Sep 2016 (Restated)	36,268,139	299,993	(2,883,091)	76,345	(11,808,748)	21,952,638
Balance at 1 Apr 2017 (Reported)	36,268,139	299,993	(4,241,926)	72,636	(14,596,554)	17,802,288
Prior year adjustment for accounting policy change	-	-	1,490	-	(73,102)	(71,611)
Loss for the period	-	-	-	-	(2,709,295)	(2,709,295)
Other comprehensive profit / (loss) for the period	-	-	348,960	(18,545)	-	330,415
Total comprehensive loss for the period	-	-	348,960	(18,545)	(2,709,295)	(2,378,880)
Balance at 30 Sep 2017	36,268,139	299,993	(3,891,475)	54,091	(17,378,951)	15,351,797

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

	NOTES	HALF-YEAR ENDED 30 SEP 2017 \$	HALF-YEAR ENDED 30 SEP 2016 \$
			(Restated)
Cash Flows from Operating Activities			
Receipts from customers		1,223,473	1,776,492
Payments to suppliers and employees		(2,356,876)	(3,507,391)
Interest paid		(57,476)	(10,884)
Interest received		20,158	57,958
Net cash flows used in operating activities		<u>(1,170,721)</u>	<u>(1,683,825)</u>
Cash Flows from Investing Activities			
Purchase of plant and equipment		<u>(14,605)</u>	<u>(18,860)</u>
Net cash flows used in investing activities		<u>(14,605)</u>	<u>(18,860)</u>
Cash Flows from Financing Activities			
Advances to related parties		-	(12,485)
Borrowings – payments		<u>(6,392)</u>	<u>(6,454)</u>
Net cash flows used in financing activities		<u>(6,392)</u>	<u>(18,939)</u>
Net decrease in cash and cash equivalents		<u>(1,191,718)</u>	<u>(1,721,624)</u>
Cash and Cash Equivalents at the beginning of the period		3,145,769	6,709,288
Foreign exchange fluctuations on opening cash balances		<u>9,256</u>	<u>(4,559)</u>
Cash and Cash Equivalents at the end of the period		<u>1,963,307</u>	<u>4,983,106</u>

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

This consolidated interim financial report includes the financial statements and notes of Flexiroam Limited (“the Company”) and its subsidiaries Flexiroam Sdn Bhd and Flexiroam Asia Limited (collectively “the Group”). The Group is a for-profit entity primarily and is domiciled in Australia.

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

This consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 March 2017 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of Preparation

The consolidated interim financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The functional currency of the Company and subsidiary are measured using the currency of the primary economic environment in which the Company and subsidiaries operates; being Australian Dollars, Malaysian Ringgit and US Dollar respectively. However, as the majority of the Company’s shareholder base is Australian, these financial statements are presented in Australian Dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period and does not include full disclosures of the type normally included in an annual financial report.

Accounting Policies and Methods of Computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of New and Revised Australian Accounting Standards

Standards and Interpretations applicable to 30 September 2017

In the half-year ended 30 September 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current half-year reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 September 2017.

As a result of this review the Directors have determined that the following Standards and Interpretations will have a material effect on the Company in the future reporting periods:

- AASB 9 Financial instrument
- AASB 15 Revenue from contracts with customers
- AASB 16 Leases

The Company have elected to not early adopt these Standards and Interpretations and have not quantified the material effect of application on future periods.

Other than the above, there are no other material impact of the new and revised standards and interpretations on the Group and therefore no change is necessary to Group accounting policies.

Significant Accounting Judgments and Key Estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 March 2017.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Group incurred an operating loss of \$2,709,295 for the half-year ended 30 September 2017 (30 September 2016 loss: \$2,347,539) and a net cash outflow from operating activities amounting to \$1,170,721 (30 September 2016 outflow: \$1,683,825).

Based upon cash flow forecasts and the Group's current financial position, the Directors are satisfied that the going concern basis of preparation is appropriate. The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report, the Group believes it can meet all liabilities as and when they fall due.

Voluntary Change in Accounting Policy

The consolidated statements have been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to the X-Microchips. The previous accounting policy was to account for the X-Microchips as an item of Property, Plant and Equipment in accordance with AASB 116 Property, Plant and Equipment. The company has determined that since the X-Microchips are assets distributed to customers to facilitate the rendering of data roaming services, it would be more appropriate to account for the X-Microchips as an item of inventory in accordance with AASB 102 Inventories. The change in accounting policy is shown in the table below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Voluntary Change in Accounting Policy (CONTINUED)

Consolidated Statement of Financial Position (Extract)

	AS AT 31 MAR 2017 \$	(INCREASE) / DECREASE \$	AS AT 31 MAR 2017 \$
	(Previous Policy)		(Restated)
Inventory	-	201,048	201,048
Plant and equipment	513,590	(272,659)	240,931
Total Assets	18,518,568	(71,611)	18,446,957
Reserves	(3,869,297)	1,491	(3,867,806)
Accumulated losses	(14,596,554)	(73,102)	(14,669,656)
Total Equity	17,802,288	(71,611)	17,730,677

Consolidated Income Statement (Extract)

	HALF-YEAR ENDED 30 SEP 2016 \$	(INCREASE) / DECREASE \$	HALF-YEAR ENDED 30 SEP 2016 \$
	(Previous Policy)		(Restated)
Loss for the period	(2,340,026)	(7,513)	(2,347,539)

NOTE 2 REVENUE

	HALF-YEAR ENDED 30 SEP 2017 \$	HALF-YEAR ENDED 30 SEP 2016 \$
Consumer ^[a]	535,212	225,866
Corporate ^[b]	548,290	1,002,593
	1,083,502	1,228,459

^a Consumer sales consist of business to consumer transactions involving local and foreign travellers.

^b Corporate sales consist of business to business transactions involving local and foreign travel agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 COST OF SALES

	HALF-YEAR ENDED 30 SEP 2017 \$	HALF-YEAR ENDED 30 SEP 2016 \$
		(Restated)
Network costs	691,005	^[a] 169,020
Material costs	^[b] (2,009)	17,033
Commissions due	39,396	40,587
X-Microchip	246,847	10,606
	975,239	237,246

^a The amount of \$62,798 which was related to costs of acquiring subscribers had been reclassified as marketing expenses to reflect the element of indirect costs.

^b The negative balance is a result of over accrual made in the last reporting period being adjusted in the current reporting period.

NOTE 4 ADMINISTRATION AND OPERATING EXPENSES

	HALF-YEAR ENDED 30 SEP 2017 \$	HALF-YEAR ENDED 30 SEP 2016 \$
Office equipment and general maintenance	4,579	6,372
Other costs	22,208	101,212
Professional fees	196,300	160,575
Rental	90,747	105,249
Software and stationery	27,781	11,844
Talent and recruitment	16,797	9,859
Travelling and transportation	16,245	12,684
Utilities	13,716	13,652
	388,373	421,447

NOTE 5 INVENTORY

	AS AT 30 SEP 2017 \$	AS AT 31 MAR 2017 \$
		(Restated)
Opening balance	201,048	-
Purchases	206,947	298,560
Distribution	(246,847)	(97,512)
Closing balance	161,148	201,048

The inventory refers to X-Microchip.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	AS AT 30 SEP 2017 \$	AS AT 31 MAR 2017 \$
Opening balance	82,836	10,200
Impairment	(18,545)	-
Revaluation	-	72,636
Closing balance	64,291	82,836

NOTE 7 OTHER ASSETS

	AS AT 30 SEP 2017 \$	AS AT 31 MAR 2017 \$
Prepayments	25,025	75,852
Reconciliation		
Opening balance	75,852	6,207
Net movement ^[a]	(50,827)	69,645
Closing balance	25,025	75,852

^a Represents advance payments to network facility providers and marketing vendors.

NOTE 8 INTELLECTUAL PROPERTY

	AS AT 30 SEP 2017 \$	AS AT 31 MAR 2017 \$
Carrying value opening balance	14,631,983	18,494,452
Amortisation	(907,195)	(1,895,854)
Foreign exchange translation effects	287,989	(1,966,615)
Carrying value closing balance	14,012,777	14,631,983

The intellectual property asset is known as Flexiroam Malaysia, an international roaming service for travellers who travel overseas to gain access to high speed cellular data without having to change SIM card. It operates on a sophisticated integrated network of services, forming a unified system now known as Flexiroam X.

Intellectual property is an intangible asset with a finite life of 10 years and is stated at cost. As at 30 September 2017, Flexiroam Malaysia holds 1 patent in Malaysia and 1 patent in India.

Due to sustained reported operating losses which constitute an indicator of impairment, management have undertaken impairment test in intellectual property. The recoverable amount, which is based upon five-year cash flow forecast at a discount rate of 15% per annum, is in excess of the carrying value of the assets. No allowance for impairment losses on assets is therefore required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 PLANT AND EQUIPMENT

As at 30 September 2017, the Group's property, plant and equipment consists of the following:

	FURNITURE & FITTINGS \$	OFFICE EQUIPMENT \$	COMPUTER \$	RENOVATION \$	MOTOR VEHICLE ^[a] \$	BEAMER ^[b] \$	TOTAL \$
(Restated)							
AT COST							
As at 1 Apr 2016	10,169	28,032	12,465	157,170	96,116	42,987	346,939
Additions	-	8,610	14,368	11,422	-	-	34,400
Foreign exchange effects	(1,149)	(3,690)	(2,282)	(18,447)	(10,856)	(4,855)	(41,279)
As at 31 Mar 2017	9,020	32,952	24,551	150,145	85,260	38,132	340,060
Additions	-	213	6,816	7,576	-	-	14,605
Adjustments	(6)	166	(93)	-	-	-	67
Foreign exchange effects	176	631	296	2,719	1,660	742	6,224
As at 30 Sep 2017	9,190	33,962	31,570	160,440	86,920	38,874	360,956
ACCUMULATED DEPRECIATION							
As at 1 Apr 2016	1,397	8,891	1,714	22,339	8,009	358	42,708
Depreciation expense	1,924	6,650	3,880	30,645	18,201	4,070	65,370
Foreign exchange effects	(279)	(1,424)	(439)	(4,457)	(2,053)	(297)	(8,949)
As at 31 Mar 2017	3,042	14,117	5,155	48,527	24,157	4,131	99,129
Depreciation expense	922	3,394	3,028	15,976	8,722	1,950	33,992
Adjustments	(5)	105	(33)	-	-	-	67
Foreign exchange effects	56	263	90	888	440	73	1,810
As at 30 Sep 2017	4,015	17,879	8,240	65,391	33,319	6,154	134,998
CARRYING AMOUNT							
As at 31 Mar 2017	5,978	18,835	19,396	101,618	61,103	34,001	240,931
As at 30 Sep 2017	5,175	16,083	23,330	95,049	53,601	32,720	225,958

^a Motor vehicle is used as security for the borrowings.

^b Beamer is a wireless router device which acts as a WiFi hotspot that can be connected to a cellular network and provide internet access to other devices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 DEFERRED REVENUE

	AS AT 30 SEP 2017 \$	AS AT 31 MAR 2017 \$
Consumer sales	572,286	236,851
Corporate sales	114,625	153,108
	686,911	389,959

Advance billing to customers that give rise to provisions for unearned revenue in respect of services which have not been rendered as at the end of the reporting period.

NOTE 11 ISSUED CAPITAL

	NUMBER OF SHARES	\$
Ordinary shares issued (net of share issue costs)	193,689,501	36,268,139
Reconciliation		
Balance at 1 April 2016	190,989,501	35,863,139
Share issue – 5 April 2016 ^[a]	2,700,000	405,000
Balance at 30 September 2016	193,689,501	36,268,139
Balance at 1 April 2017	193,689,501	36,268,139
Movements for the period	-	-
Balance at 30 September 2017	193,689,501	36,268,139

^a On 5 April 2016, following Shareholder approval obtained on 30 March 2016, 2,700,000 fully paid ordinary shares were issued to Jeffrey Ong (and/or his nominees) for his contribution to the Company's achievement of a \$6 million revenue milestone.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Dividends

No dividends were paid or proposed during the half-year ended 30 September 2017 (31 March 2017: nil).

NOTE 12 SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about the components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the chief operating decision maker.

As at 30 September 2017, the Group operated in one business segment being the telecommunication business segment and three geographical market segments, namely the telecommunications market in Malaysia, Singapore and other countries where each country have contributed less than 10% to total sales for the current period.

During the current period, the chief decision makers have been reviewing operations and making decisions based on the supply and provision of telecommunications as a single operating unit. Internal management accounts are consequently prepared on this basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 SEGMENT REPORTING (CONTINUED)

	MALAYSIA \$	SINGAPORE \$	OTHER COUNTRIES \$	TOTAL \$
<u>HALF-YEAR ENDED 30 SEPTEMBER 2017</u>				
Revenue				
Consumer	115,803	84,489	334,920	535,212
Corporate	273,391	19,294	255,605	548,290
Total segment and group revenue	389,194	103,783	590,525	1,083,502
Segment and group cost of sales				
	(350,306)	(93,413)	(531,520)	(975,239)
Other income and forex gains	-	-	-	(24,905)
Administration and operating expenses	-	-	-	(1,851,466)
Depreciation and amortisation	-	-	-	(941,187)
Group profit/ (loss) for the period	38,888	10,370	59,005	(2,709,295)
Net cash flows from operating activities	(1,548,122)	56,413	320,988	(1,170,721)
Net cash flows from investing activities	-	-	-	(14,605)
Net cash flows from financing activities	-	-	-	(6,392)
Net cash inflow/(outflow)	(1,548,122)	56,413	320,988	(1,191,718)
<u>AS AT 30 SEPTEMBER 2017</u>				
Assets	5,992,513	1,597,970	9,092,467	16,682,950
Liabilities	478,150	127,504	725,499	1,331,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 SEGMENT REPORTING (CONTINUED)

	MALAYSIA \$	SINGAPORE \$	OTHER COUNTRIES \$	TOTAL \$
<u>HALF-YEAR ENDED 30 SEPTEMBER 2016 (restated)</u>				
Revenue				
Consumer	164,676	18,311	42,879	225,866
Corporate	5,309	997,284	-	1,002,593
Total segment and group revenue	169,985	1,015,595	42,879	1,228,459
Segment and group cost of sales				
	(105,823)	(30,034)	(101,389)	(237,246)
Other income and forex gains	-	-	-	303,081
Administration and operating expenses	-	-	-	(2,620,335)
Depreciation and amortisation	-	-	-	(1,021,498)
Group profit/ (loss) for the period	64,162	985,561	(58,510)	(2,347,539)
Net cash flows from operating activities	(2,995,849)	1,258,874	53,150	(1,683,825)
Net cash flows from investing activities	-	-	-	(18,860)
Net cash flows from financing activities	-	-	-	(18,939)
Net cash inflow/(outflow)	(2,995,849)	1,258,874	53,150	(1,721,624)
<u>AS AT 31 MARCH 2017 (restated)</u>				
Assets	2,552,551	15,250,522	643,884	18,446,957
Liabilities	99,113	592,166	25,001	716,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 FINANCIAL INSTRUMENTS

The accounting policies and methods of computation adopted are consistent with those of the previous year and corresponding half-year.

The available-for-sale financial asset has been measured at fair value as a level 1 fair value measurement representing the share price at 30 September 2017.

The Directors consider that the carrying value of the financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

NOTE 14 SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2017

There were no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the Group, the results of those operations, or state of affairs in future financial years.

NOTE 15 COMMITMENTS AND CONTINGENCIES

There has been no change in contingent liabilities and commitments since the last annual reporting date.

DIRECTORS' DECLARATION

In the opinion of the Directors of the Group:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 30 September 2017 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board



Jefrey Ong
Director

Signed at Kuala Lumpur on this 29th day in November 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Flexiroam Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Flexiroam Limited and its subsidiaries, which comprises the consolidated statement of financial position as at 30 September 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Flexiroam Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Flexiroam Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Flexiroam Limited and its subsidiaries is not 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 September 2017 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', with the 'BDO' logo written above it.

Glyn O'Brien

Director

Perth, 29 November 2017