ZipTel.

ACN 108 042 593

ASX APPENDIX 4D – Results Summary

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Appendix 4D is to be read in conjunction with the financial report for the half-year ended 31 December 2014 and the financial report for the year ended 30 June 2014 and any announcements to the market during the half year ended 31 December 2014.

Rule 4.2A.3

Appendix 4D

Half Year Report for the six months to 31 December 2014

Name of entity

ZIPTEL LIMITED

ABN or equivalent company reference:	41 108 042 593

1. Reporting period

Report for the half year ended	31 DECEMBER 2014
Previous corresponding period is the financial year ended and half year ended	30 JUNE 2014 31 DECEMBER 2013

2. Results for announcement to the market

				$A'000
Revenues from ordinary activities *(item 2.1)*	up	28%	to	$352
Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*)	down	725%	to	($2,855)
Net profit (loss) for the period attributable to members *(item 2.3)*	down	725%	to	($2,855)

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend Final dividend	Nil Nil	Nil Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividend *(item 2.5)*	Not applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

The Company completed an acquisition of AussieSim Pty Ltd ("AussieSim") in June 2014. The Company is the legal parent entity and presents consolidated financial information.

Under the Australian Accounting Standard, the acquisition is considered as a back door listing of AussieSim, which is the legal acquiree but deemed to be the accounting parent. The consolidated financial statements after the acquisition represent the continuation of AussieSim's consolidated financial statements except for its capital structure.

The comparative information presented above and in the consolidated financial accounts therefore is that of AussieSim and its controlled entity.

3. Net tangible assets per security *(item 3)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	10.6 cents	8.54 cents

4. Details of entities over which control has been gained or lost during the period: *(item 4)*

Control gained over entities

Name of entities *(item 4.1)*	Not applicable
Date(s) of gain of control *(item 4.2)*	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired *(item 4.3)*	Not applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	Not applicable

Loss of control of entities

Name of entities *(item 4.1)*	Not applicable
Date(s) of loss of control *(item 4.2)*	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 4.3).*	Not applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	Not applicable

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2014	Not applicable	Nil
Final dividend – year ended 30 June 2013	Not applicable	Nil

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	Nil	Nil
Preference securities *(each class separately)*	Nil	Nil
Other equity instruments *(each class separately)*	Nil	Nil
Total	Nil	Nil

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6)*:

Not applicable

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	Not applicable

7. Details of associates and joint venture entities *(item 7)*

Name of associate or joint venture entity	% Securities held
Not applicable	

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2014 $	2013 $
Profit (loss) from ordinary activities before tax	Nil	Nil
Income tax on ordinary activities	Nil	Nil
Net profit (loss) from ordinary activities after tax	Nil	Nil
Adjustments	Nil	Nil
Share of net profit (loss) of associates and joint venture entities	Nil	Nil

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report, which has been prepared in accordance with Australian accounting standards.

9. Independent review of the financial report *(item 9)*

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below *(item 17)*

ACN 108 042 593

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2014 and any announcements to the market during the half-year ended 31 December 2014.

TABLE OF CONTENTS

CORPORATE INFORMATION

ZIPTEL LIMITED

ABN 41 108 042 593

DIRECTORS

Mr Joshua Hunt (Non-Executive Chairman)
Mr Umberto (Bert) Mondello (Chief Executive Officer and Executive Director)
Mr Keaton Wallace (Executive Director)
Mr Salvatore Vallelonga (Non-Executive Director)

COMPANY SECRETARY

Miss Loren Jones

PRINCIPAL PLACE OF BUSINESS

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REGISTERED OFFICE

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Subiaco, Western Australia 6008
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SOLICITORS

Hunt & Humphry
15 Colin Street
West Perth, Western Australia 6005
T +61 (0) 8 9321 0200

SHARE REGISTER

Security Transfer Registrars
770 Canning Highway,
Nedlands, Western Australia 6153
T +61 (0) 8 9315 2333

AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008
T +61 (0) 8 6382 4600

DIRECTORS' REPORT

The directors of ZipTel Limited (the "Company") submit herewith the financial report of the Company and its controlled entities (the "Group") for the half-year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

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

DIRECTORS	PERIOD OF DIRECTORSHIP
Joshua Hunt (Non-executive Chairman)	Since 12 June 2014
Umberto (Bert) Mondello (Executive Director and Chief Executive Officer)	Since 12 June 2014
Keaton Wallace (Executive Director)	Since 12 June 2014
Salvatore Vallelonga (Non-executive Director)	Since 12 June 2014

REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES

CORPORATE

The Company recommenced trading on the ASX under ZipTel Limited, (ASX: ZIP) on 4 July 2014 following the successful capital raise of $5 million in the previous quarter and subsequent completion of the reverse takeover of Skywards Limited.

On 4 July 2014, ZipTel announced that the capital raising closed significantly oversubscribed and the Company received strong support from key institutional investors. The company started the quarter fully funded for further product development of the ZipT application and continued growth of AussieSim.

On November 11, 2014, the Company announced that it had successfully completed a subsequent $5m placement to domestic and international institutions providing a strong balance sheet to drive customer growth across both its key products; ZipT and AussieSim into 2015.

ZIPT

ZipT is a mobile-based data application, which allows customers to send and receive free calls and SMS internationally. It has the ability to deliver superior crystal clear call quality in 2G and low bandwidth data environments globally where current applications on the market are unable to operate. ZipT's clear point of difference is its IP developed encryption technology ensuring secure line telephony App to App and compression technology that allows calling in low bandwidth environments with minimal data usage.

On 27 October 2014 the Company announced that it had entered into a key distribution agreement for the ZipT App with Airloyal.

Airloyal is one of India's leading digital mobile advertising companies. The agreement with Airloyal is for distribution access to millions of users via Airloyal's flagship advertising platform, Ladooo. The agreement is targeted to deliver up to 1 million paid subscribers and opens up a significant opportunity in the Indian market, where more than 70% of India's 220 million mobile internet users have access to only 2G and low speed internet connections. The agreement will not only provide access to the Indian market but opens up opportunities in other growing economies across South East Asia.

This agreement is in addition to the agreements with Mpire, which were signed in the 2014 financial year and announced to the ASX.

During the half-year the pilot of the ZipT app was launched on the Android platform to 10,000 users over a circa 3 month period. Following this initial phase ZipTel carried out detailed analysis and feedback of the apps performance. Over a two-week period over 14,000 calls were placed and 2,500 messages were sent to worldwide destinations.

ZIPT (CONT'D)

The results were exceptional across all key areas and the product performed well in low bandwidth environments, with up to 20 times less data used when compared to competitors. 85% of users reported excellent quality of the calls and 80% reported no delays or interruptions during the call.

ZipTel also launched the ZipT promotional video on 18 December 2014, which can be viewed at the following link; www.zipt.com.au/#features_3. The launch of this video and the success of the marketing campaign resulted in the VIP founding members list becoming fully subscribed and reaching capacity in a matter of weeks.

Phase 2 of the pilot commenced ahead of schedule and will target a total 120,000 users over the first quarter of 2015.

AUSSIESIM

AussieSim is a wholly owned subsidiary of ZipTel (ASX: ZIP). AussieSim is an international pre-paid travel sim card offering consumers up to 95% savings on talk, text and data whilst travelling overseas across more than 180 countries.

The Company launched the AussieSim DataCard on 24 November 2014. The AussieSim DataCard is the second product to be launched under the AussieSim brand. It is targeting a USD 40 Billion global data roaming market and is designed for overseas travellers who only require data usage.

On 1 December 2014, ZipTel announced a landmark agreement with 7-Eleven which will see AussieSim products go on the shelves in 450 7-Eleven stores. AussieSim products are now available in over 650 retail store locations worldwide.

During the half-year the agreement with Trafalgar tours, set to run for a six month period from the 1 August 2014, delivered results lower than expected, due to internal changes at Trafalgar, which resulted in a disruption to dispatching of the sim cards. The company is now in discussions with Trafalgar Tours to extend and refine the campaign for a further six month period.

The Company is optimistic that with the new product range and agreement with 7-Eleven that the growth achieved by AussieSim to date will continue throughout 2015.

OUTLOOK FOR 2015

The Directors are pleased with the progress of the ZipT App to date and the global interest it has achieved. However, the development phase is far from over. As the app continues in pilot mode it is being constantly monitored and the Company is working hard to continuously improve the ZipT App ahead of the public launch in the first quarter of this year.

The App's outstanding customer survey results are clear evidence that the product is superior to others in the market. With three important distribution deals in place with Mpire and Airloyal the Company is well positioned to gain further market traction and momentum in the market upon public launch.

The Company plans to continue to focus on expanding the AussieSim side of the business and the agreement with 7-Eleven places the brand in an optimal position to do so. Since the beginning of the half-year the Company has been focused on expanding its sales and distribution channels further. ZipTel is confident that it will increase these channels in 2015, with a highly experienced and skilled sales team in place.

SUBSEQUENT EVENTS

Note 9 to this report sets out all relevant events subsequent balance date that may or have significantly affected its results from operations and financial position after 31 December 2014.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the review for the half-year is provided on page 6 of this report.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the Corporations Act 2001.

Umberto Mondello
Chief Executive Officer
27 February 2015

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Fax: +61 8 6382 4601
www.bdo.com.au

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ZIPTEL LIMITED

As lead auditor for the review of ZipTel Limited for the half-year ended 31 December 2014, 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 ZipTel Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ZipTel Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ZipTel Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 31 December 2014 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 ZipTel 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 ZipTel 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 ZipTel Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 27 February 2015

DIRECTORS' DECLARATION

The Directors declare that:

- In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

- In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001.*

On behalf of the Directors

Umberto Mondello
Chief Executive Officer
27 February 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Revenue			
Sale of goods and services		300,257	274,822
Other income		51,526	422
Expenses			
Cost of sales		(236,228)	(125,038)
Other expenses from ordinary activities			
ASX listing		(74,535)	-
Administration		(141,799)	(73,844)
Employee benefits	3	(327,638)	(208,681)
Share-based payments	3,7	(1,669,302)	-
Marketing and distribution	3	(299,704)	(121,507)
Consulting	3	(273,112)	(32,446)
Depreciation and amortisation	3	(28,156)	(23,522)
Occupancy		(25,911)	(26,765)
Public relations		(89,070)	-
Provision for doubtful debtors	3	(8,982)	-
Write off of inventories	3	(31,492)	(1,262)
Loss on disposal of plant and equipment		-	(4,870)
Finance costs		(1,906)	(4,756)
Exchange gain		1,183	1,173
Total expenses		**(3,206,652)**	**(621,518)**
Loss before income tax		(2,854,869)	(346,274)
Income tax expense		-	-
Loss for the period		**(2,854,869)**	(346,274)
Other comprehensive income		-	-
Total comprehensive expense for the period		**(2,854,869)**	(346,274)
Loss attributable to owners of the Company		(2,854,869)	(346,274)
Total comprehensive expense attributable to owners of the Company		**(2,854,869)**	(346,274)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)		(4.43)	(4.74)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2014 $	30 June 2014 $
Current assets			
Cash and bank balances		2,468,161	4,976,277
Trade and other receivables		204,939	164,187
Prepayments		6,883	5,852
Other financial assets		5,000,000	-
Inventories		24,005	20,646
Total current assets		7,703,988	5,166,962
Non-current assets			
Receivables		-	5,308
Plant and equipment		33,755	42,929
Intangible assets		181,286	200,268
Total non-current assets		215,041	248,505
Total assets		7,919,029	5,415,467
Current liabilities			
Bank overdraft		-	87,246
Trade and other payables		199,062	1,240,268
Provision for advance billings		7,198	14,357
Borrowings	5	772	8,066
Total current liabilities		207,032	1,349,937
Non-current liabilities			
Provisions		34,904	29,620
Total non-current liabilities		34,904	29,620
Total liabilities		241,936	1,379,557
Net assets		7,677,093	4,035,910
Equity			
Issued capital	6	12,051,266	7,224,516
Reserves		1,849,488	180,186
Accumulated losses		(6,223,661)	(3,368,792)
Capital and reserves attributable to owners of the Company		7,677,093	4,035,910
Total equity		7,677,093	4,035,910

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Attributable to Owners of the Company			
	Notes	Issued Capital $	Share-based Payments Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2013		**1,225,000**	**-**	**(924,171)**	**300,829**
Loss for the period		-	-	(346,274)	(346,274)
Total comprehensive expense for the period		-	-	(346,274)	(346,274)
Balance at 31 December 2013		**1,225,000**	**-**	**(1,270,445)**	**(45,445)**
Balance at 1 July 2014		**7,224,516**	**180,186**	**(3,368,792)**	**4,035,910**
Loss for the period		-	-	(2,854,869)	(2,854,869)
Total comprehensive expense for the period		-	-	(2,854,869)	(2,854,869)
Contribution of equity, net of transaction costs		4,826,750	-	-	4,826,750
Recognition of share-based payments		-	1,669,302	-	1,669,302
Balance at 31 December 2014		**12,051,266**	**1,849,488**	**(6,223,661)**	**7,677,093**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		284,264	237,895
Payments to suppliers and employees		(1,925,333)	(384,960)
Finance costs		(1,906)	(4,334)
Other income		16,754	-
Net cash used in operating activities		(1,626,221)	(151,399)
Cash flows from investing activities			
Acquisition of financial assets		(5,000,000)	-
Payments of plant and equipment		-	(561)
Payments of intangible assets		(22,615)	-
Proceeds from sale of plant and equipment		-	12,728
Net cash used in/(provided by) investing activities		(5,022,615)	12,167
Cash flows from financing activities			
Proceeds from issue of shares		5,126,750	-
Share issue transaction costs		(742,138)	-
Repayment of borrowings		(157,829)	(12,470)
Net cash provided by/(used in) financing activities		4,226,783	(12,470)
Net decrease in cash and cash equivalents		(2,422,053)	(151,702)
Cash and cash equivalents at the beginning of the period		4,889,031	167,525
Effects of exchange rate changes		1,183	-
Cash and cash equivalents at the end of the period		2,468,161	15,823

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The half-year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

<u>Backdoor Listing and Comparative Information</u>

The Company completed an acquisition of AussieSim Pty Ltd ("AussieSim") in June 2014. The Company is the legal parent entity and presents consolidated financial information.

Under the Australian Accounting Standard, the acquisition is considered as a back door listing of AussieSim, which is the legal acquiree but deemed to be the accounting parent. The consolidated financial statements after the acquisition represent the continuation of AussieSim's consolidated financial statements except for its capital structure.

The comparative information presented in the consolidated financial accounts therefore is that of AussieSim and its controlled entity.

NEW AND REVISED ACCOUNTING STANDARDS

The Company and its controlled entities ("the Group') have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2014-1 'Amendments to Australian Accounting Standards
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non- Financial Assets
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards' – Part C: 'Materiality'

NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The Group has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'

Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of AASB 140; and
(b) the transaction meets the definition of a business combination under AASB 3.

<u>Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards'</u>

Part B: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'

Part C: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

NOTE 2: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about 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.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the category of products and services. The principal categories of the Group's products and services are sim card packages, overseas mobile services and call forwarding services. The Group's reportable segments under AASB 8 are therefore presented based on these categories.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review:

	SEGMENT REVENUE		**SEGMENT PROFIT**	
	2014	**2013**	**2014**	**2013**
CONTINUING OPERATIONS	**$**	**$**	**$**	**$**
Sim card packages and handsets	80,988	128,714	57,115	106,871
Overseas mobile services	210,804	146,614	51,354	76,644
Call forwarding	22,101	9,544	1,137	(6,906)
Unallocated sales discount and refund	(13,636)	(10,050)	(13,636)	(10,050)
Unallocated cost of sales	-	-	(31,941)	(16,775)
	300,257	274,822	64,029	149,784
Other income	-	-	51,526	422
Corporate and administration	-	-	(2,940,362)	(468,202)
Depreciation and amortisation	-	-	(28,156)	(23,522)
Finance Costs	-	-	(1,906)	(4,756)
LOSS BEFORE INCOME TAX	**-**	**-**	**(2,854,869)**	**(346,274)**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2013: nil). Segment profit represents the profit before tax earned by each segment without allocation of central corporate and administration costs, employee benefits, depreciation and amortisation, and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTE 2: SEGMENT REPORTING (CONT'D)

The following is an analysis of the Group's assets by reportable operating segment:

	31 DECEMBER 2014 $	30 JUNE 2014 $
SEGMENT ASSETS		
Sim card packages and handsets	116,508	202,818
Overseas mobile services	232,631	127,797
Call forwarding	14,896	10,449
Total segment assets	364,035	341,064
Unallocated and corporate assets	7,554,994	5,074,403
TOTAL ASSETS	7,919,029	5,415,467
TOTAL ASSETS INCLUDE ADDITIONS TO NON-CURRENT ASSETS	-	143,384
SEGMENT LIABILITIES		
Sim card packages and handsets	27,623	56,814
Overseas mobile services	71,901	48,720
Call forwarding	7,538	4,216
Total segment liabilities	107,062	109,750
Unallocated and corporate liabilities	134,874	1,269,807
TOTAL LIABILITIES	241,936	1,379,557

For the purposes of monitoring segment performance and allocating resources between segments:

(i) all assets are allocated to reportable segments other than cash, GST receivables, office equipment, and certain other receivables. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

(j) all liabilities are allocated to reportable segments other than bank overdraft, borrowings, and corporate creditors and certain other payables. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTE 3: RESULTS OF THE PERIOD

The following items are included in the Group's results for the period:

	2014 $	2013 $
EMPLOYEE BENEFITS		
- Directors' fee and employee wages and salaries	327,638	208,681
- Share-based payments	1,669,302	-
TOTAL EMPLOYEE BENEFITS	**1,996,940**	**208,681**
Marketing and distribution	299,704	121,507
Consulting	273,112	32,446
DEPRECIATION AND AMORTISATION		
- Depreciation of plant and equipment	9,174	9,278
- Amortisation of intangible assets	18,982	14,244
TOTAL DEPRECIATION AND AMORTISATION	**28,156**	**23,522**
Provision for doubtful debtors	8,982	-
Write-down of inventories	31,492	1,262

NOTE 4: DIVIDENDS

No dividends were paid during the period. No recommendation for payment of dividends has been made.

NOTE 5: BORROWINGS

	31 DECEMBER 2014 $	30 JUNE 2014 $
CURRENT		
Loan from other entity (i)	772	8,066
TOTAL CURRENT LIABILITIES	772	8,066

(i) Fixed rate loan with a finance company with remaining maturity period less than one year. Interest rate on the loan is 11.05%. The carrying amount of the loan is assumed to be the same as its fair value, due to its short-term nature.

NOTE 6: ISSUED CAPITAL

	2014		2013	
	NO. OF SHARES	$	NO. OF SHARES	$
Fully paid ordinary shares (post-consolidation basis)	73,309,959	12,051,266	7,440,000	1,225,000

Changes to the Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

FULLY PAID ORDINARY SHARES	NUMBER OF SHARES (i)	$
Balance at 1 July 2013 and 31 December 2013 (i)	7,440,000	1,225,000
Balance at 30 June 2014	61,100,079	7,224,516
Options exercised at $0.30 each	7,500	2,250
Issue of shares at $0.42 each	12,202,380	5,125,000
Return of oversubscribed capital	-	(500)
Capital raising costs	-	(300,000)
	73,309,959	12,051,266

(i) The equity structure of AussieSim (the accounting parent) is restated using the exchange ratio established in the acquisition to reflect the number of shares of the Company (the legal parent), including the equity interests issued to effect the capital transaction. Comparative information presented is also retroactively adjusted to reflect the legal capital of the Company.

NOTE 6: ISSUED CAPITAL (CONT'D)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid on the shares held.

	NUMBER OF OPTIONS	
	2014 $	2013 $
Balance at 1 July 2014 and 31 December 2014	28,500,000	-
Exercised options	(7,500)	-
	28,492,500	-

All options on issue are exercisable on a 1:1 basis for the Company's ordinary shares and carry no rights to dividends and no voting rights. Options are at an exercisable price of $0.30 each on or before 31 December 2016.

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half-year, the Company granted 3 million performance rights to Mr Umberto Mondello and Mr Keaton Wallace each subject to certain performance conditions.

The performance rights were valued at $1,669,302 and accounted as share-based payments in profit or loss. The Performance Rights are subject to market conditions and the fair value of them was determined by using the binomial pricing model. Detail parameters were listed below:

Tranche	Grant Date	Number Issued	Value Per Right	Probability	Total Value	Vesting Period (Years)	Value Vested Current Period	Value Not Vested
1	28/11/2014	3,000,000	$0.419	100%	$1,255,680	1	$1,255,680	-
2	28/11/2014	3,000,000	$0.418	33%	$1,253,400	3	$413,622	$839,778

The vesting conditions relating to unexercised performance rights are set out below:

Tranche 1: 1.5 million performance rights will vest on the day when the company's market capitalisation equal to or over 35 million for consecutive 21 trading days.

Tranche 2: 1.5 million performance rights will vest on the day when the company's market capitalisation equal to or over 70 million for consecutive 21 trading days.

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

NOTE 9: CONTINGENCIES

The Company was involved in a Magistrates Court (Number 18320 of 2013) claim against it by Cooneen Textiles Ltd in relation to an alleged breach of a guarantee entered into by the Company when it was a sportswear manufacturer.

The Company paid $25,000 to resolve the issue and has executed a deed of settlement subsequent to the period-end. The claim is dismissed without any finding of fault or liability.

Except for the above, there were no other contingencies as at 31 December 2014.

NOTE 10: SUBSEQUENT EVENTS

Except for the matter disclosed in note 9, there were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 31 December 2014.