



My Net Fone Limited | ABN 37 118 699 853

ASX Appendix 4E

And

Preliminary Final Report for the year ended 30 June 2015

Lodged with the ASX under listing rule 4.3A

My Net Fone Limited ABN 37 118 699 853

Appendix 4E: Preliminary final report for the Year Ended 30 June 2015

Results for announcement to the market

Current reporting period:	1 July 2014 to 30 June 2015
Previous reporting period:	1 July 2013 to 30 June 2014

	% Change		2015 \$000
Revenue from ordinary activities	+44.5%	to	85,675
Profit after tax from ordinary activities attributable to members	+24.3%	to	7,184
Net profit for the period attributable to members	+24.3%	to	7,184

Dividend information:	Amount per security	Franked amount per security
2015 interim dividend	2.50 cents	2.50 cents
2015 final dividend	3.25 cents	3.25 cents
Total dividends per share for the year	5.75 cents	5.75 cents

The record date for determining entitlements to the final dividend is 3 September 2015. A Dividend Reinvestment Plan (DRP) is in place for this dividend. The last date for the receipt of an election notice for participation in the DRP is 4 September 2015. The payment date of the final dividend is 30 September 2015.

Net tangible assets (NTA) per security

	Year ended 30 June	
	2015	2014
Net tangible assets per security (cents)	(24.3)	3.67

NTA has decreased year on year due to a combination of the \$15.0m of intangible assets recognised on the acquisition of the TNZI voice business and the loan facility taken on to finance that acquisition.

Revenue increase year on year is driven by organic growth as well as the additional revenue generated since April 2015 from the acquired TNZI voice business. Further details can be found in the 2015 Financial Statements lodged with this document.

The Appendix 4E and accompanying financial statements have been audited and are not subject to any disputes or qualifications.

Additional Appendix 4E disclosure requirements can be found in the 2015 Financial Statements lodged with this document.

My Net Fone Limited

ABN 37 118 699 853

30 June 2015

Annual Financial Report

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Directors' Report

My Net Fone Limited | ABN 37 118 699 853 and controlled entities

Directors' Report

For the year ended 30 June 2015

Your directors present this report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2015.

Information on Directors

The directors of the Company at any time during or since the end of the financial year are:

Name and qualifications	Experience, special responsibilities and other directorships
Mr Terry Cuthbertson B.Bus., CA Chairman	Mr Cuthbertson is the Chairman and an independent non-executive director; he was previously a partner at KPMG and has extensive corporate finance expertise and knowledge. Mr Cuthbertson is also a Director and Chairman of S2 Net Ltd, Montec International Ltd, Austpac Resources N.L., Malachite Resources Ltd, South American Iron & Steel Ltd, Iseentric Limited and Mint Wireless Ltd. Mr Cuthbertson has been a director since March 2006.
Mr Michael Boorne Electronics Eng. Dip. Non-Executive Director	Mr Boorne is an independent non-executive director; he is a successful entrepreneur with extensive experience in combining technical expertise with commercial and corporate experience; he is the founder of Sprit Modems and Mitron Pty Ltd and was previously a non-executive director of Netcomm Ltd. Mr Boorne is a Director of BCD Resources N.L. Mr Boorne is the Chairman of the Audit & Remuneration committee and has been a director since December 2006.
Mr Andy Fung B.E. MCom Non-Executive Director	Mr Fung is a non-executive director; he is a co-founder and was formally Managing Director of My Net Fone since its inception in 2006 until February 2012. He has been a director of Symbio Networks Pty Ltd since 2002 and Symbio Wholesale Pty Ltd since 2009. Mr Fung has been a director since March 2006.
Mr Rene Sugo B.Eng. (Hon) CEO and Director	Mr Sugo is the CEO and a director; he is a co-founder and was formally Technical Director of My Net Fone since its inception in 2006 until February 2012 when he was made Chief Executive Officer. He has been a director of Symbio Networks Pty Ltd since 2002 and Symbio Wholesale Pty Ltd since 2009. Mr Sugo has been a director since March 2006.

Company Secretary

Ms. Catherine Ly B.Bus., CPA. Ms Ly was appointed Company Secretary in July 2006.

For the year ended 30 June 2015

Board and Committee Meetings

From 1 July 2014 to 30 June 2015, the Directors held 12 board meetings and 2 audit committee meetings. Each Director's attendance at those meetings is set out in the following table:

Directors	Board		Audit	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Terry Cuthbertson	12	12	2	2
Mr. Michael Boorne	12	12	2	2
Mr. Andy Fung	12	12	2	2
Mr. Rene Sugo	12	12	2	2

Principal activities and significant changes in nature of activities

The principal activity of the MyNetFone Group is providing voice communications, broadband Internet, and cloud based communications services to residential, business, government and wholesale customers in Australia and internationally.

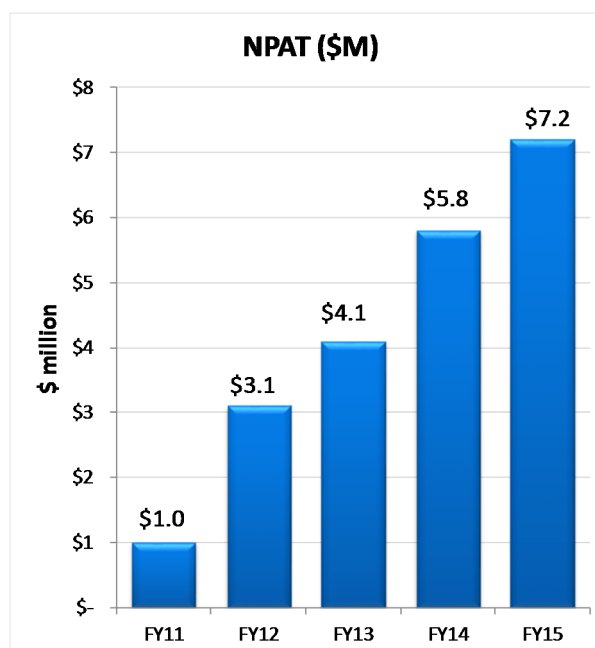
In the financial year the MyNetFone Group derived revenue from the sale of the above mentioned communications services. These fees consist of recurring charges for access to facilities and capabilities, as well as consumption charges for variable usage of those facilities. There was also revenue derived from the sale of hardware, equipment and consulting services to support the primary products of the business.

The company acquired the global wholesale voice business of Telecom New Zealand International (TNZI) in April 2015, with over 220 global carrier customers and 2.8 Billion minutes per annum of traffic. In addition the company acquired the software assets of OpenCA Softswitch in December 2014, and iBoss in July 2014. These two software assets provide complimentary capabilities to the company's software ecosystem. These acquisitions are all intended to provide future growth for the business in the long term.

The overall nature of the business has not changed during the financial year.

Operating result:

Net profit after tax (NPAT) for the MyNetFone Group for the financial year ending 30 June 2015 was \$7.2m, an increase of 24% on the previous year NPAT of \$5.8m, and a five year compound annual growth rate (CAGR) of 48%.



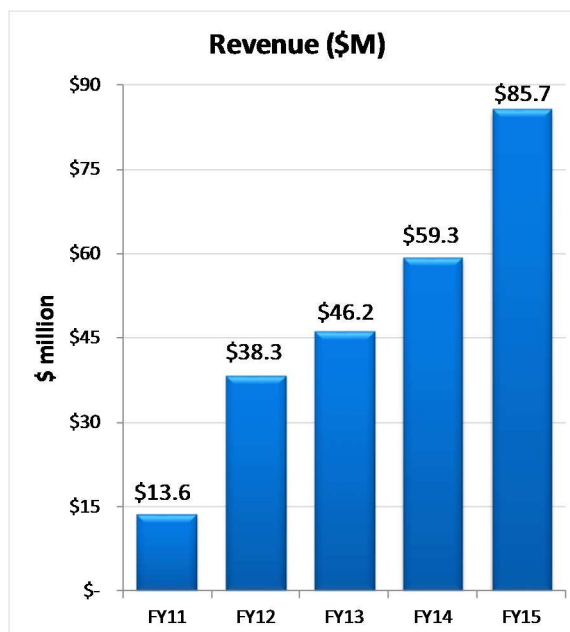
For the year ended 30 June 2015

Review of operations

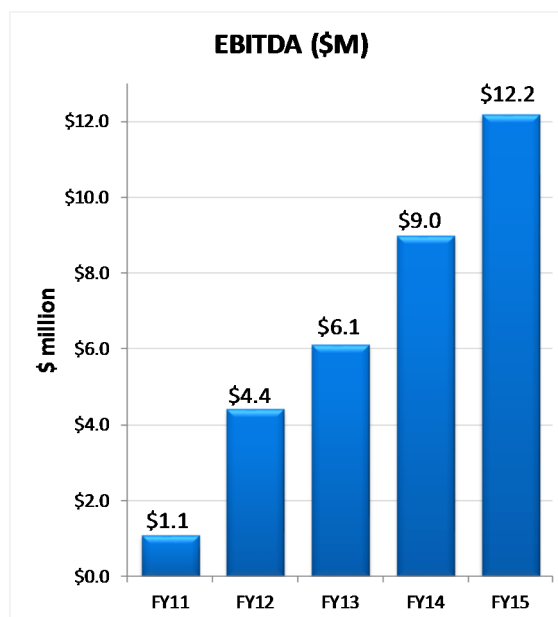
A review of the operations of the entity during the financial year and the results of those operations are as follows:

Increased Revenue and EBITDA

For the year ended 30 June 2015 the Group delivered gross revenue of \$85.7m and an EBITDA of \$12.2m (excluding one-off costs associated with the acquisition of TNZI of \$0.3m). This represents an increase of 44% and 35% respectively on the previous year, and a five year compound annual growth rate of 44% and 62% respectively.



The results were achieved mostly through organic growth of the existing business units, and with partial contributions from the 3 acquisitions made during the year – iBoss (July 2014), OpenCA (December 2014) and TNZI (April 2015).



The gross profit for the year was up 31% to \$31.8m (2014: \$24.3m), being achieved by revenue growth and reduced cost of goods sold.

The Net profit after tax (NPAT) for the year was \$7.2m (2014: \$5.8m) with Earnings per share (EPS) climbing 24% to 11.49 cents per share (2014: 9.26 cents per share).

For the year ended 30 June 2015

	Year ended 30 June 2015	Year ended 30 June 2014	% change
Revenue	\$85.7m	\$59.3m	+44%
Gross profit	\$31.8m	\$24.3m	+31%
EBITDA	\$12.2m	\$9.0m	+35%
NPAT	\$7.2m	\$5.8m	+24%
EPS	11.49 cents	9.26 cents	+24%

Net cash flow

The closing cash balance as at 30 June 2015 was \$6.3m (2014: \$7.4m).

Debt in the form of a \$27.0m revolving acquisition facility was \$25.3m as at 30 June 2015. The company had net debt of \$19.0m as at year end.

During the year the Group generated an operating cash flow before tax of \$12.5m, a 24% increase on the prior year operating cash flow of \$10.1m.

Acquisitions:

The strategic acquisition in July 2014 of the iBoss platform has brought a new capability to the business in the form of wholesale aggregation and enablement, for data, voice and mobile services. This capability will underpin future growth in the wholesale business. The iBoss platform was purchased for \$1.4m and was funded from existing cash reserves.

The acquisition in December 2014 of the OpenCA soft-switch and other related Intelligent Network source code from S2Net provides the opportunity for lower cost network expansion in Australian and international markets. OpenCA was purchased for \$500k inclusive of assumed employee liabilities and funded from existing cash reserves. The My Net Fone Limited Chairman, Mr Terry Cuthbertson is a non-executive Director and Chairman of S2Net Limited. Mr Cuthbertson did not participate in the negotiation or completion of the transaction and does not have a financial interest in S2Net Limited.

The acquisition in April 2015 of the Telecom New Zealand International (TNZI) voice business from Spark (ASX: SPK) provides a global customer and network footprint for the company to roll out its high value software and managed service products into the global market. TNZI was purchased for \$22.0m plus working capital of \$4.7m. The acquisition was funded by means of a revolving acquisition facility of \$27m, the balance of the facility being \$25.3m as at 30 June 2015.

For the year ended 30 June 2015

Business outlook:

The business is in a solid position with strong prospects for further growth in the coming year.

a. Domestic Government Business

The company has adopted a long-term strategy to pursue domestic Government business as VoIP technology increases its foothold in all levels of Government.

The company maintains an active presence in the domestic Government sector, participating in trade shows, tender processes and maintaining certifications with Government bodies. This places the company in an excellent position to win incremental business in this sector. The company currently holds the following certifications: the Municipal Association of Victoria (MAV), the NSW State Government for the NSW Procurement ICT Services Scheme, the Queensland Government IT&T Procurement Panel and the Tasmanian Government. As a result of these efforts the company is winning successful business with many local governments, universities and several state government departments around Australia. The company continues to pursue additional Government certifications and tenders in other areas.

The company has many key technical and commercial differentiators that make it an ideal alternative to the traditional telecommunication providers.

The key technical differentiators for the company are: the Symbio Network that is one of only six fully interconnected infrastructure based voice network operators in Australia, Symbio also has the people and systems in place to deliver highly complex deployments quickly and effectively. Symbio also owns a vast bank of intellectual property allowing it to rapidly customise and deploy large complex solutions for customers.

The company was awarded the 2013 CeBIT Outstanding Project Award in recognition of its achievements by the IT&T industry in Australia.

The company also maintains several key certifications with leading enterprise grade equipment vendors such as: Microsoft, Cisco, Avaya, Samsung and Panasonic. The company is still the only carriage service provider in Australia certified by Microsoft for the Lync unified communications platform.

b. Domestic Business and Enterprise

The MyNetFone Virtual PBX product continues to sell strongly into the small business market, and the MyNetFone SIP Trunk product continues to sell strongly into the enterprise market. These products are now mature and stable, and achieving a very high level of customer satisfaction. Growth is expected to remain strong for the foreseeable future.

The company continues to innovate with new products being launched into this segment, including the highly disruptive and innovative VoiceLink product. The VoiceLink product is specifically designed to attack the legacy ISDN market in the small to medium business segment. The product is highly desirable for businesses that own their own on-premise phone system when they are forced to migrate onto the National Broadband Network (NBN).

The Virtual PBX and SIP trunk products in service grew by 16% to 2,915 services in operation, and overall business voice services was steady at 8,825 services in operation. Business data services fell slightly to 2,886 services in operation.

c. Domestic Residential

The domestic residential voice market is declining due to the market shift towards mobile communications and mobile-cap plans. The company however has been implementing a defensive

For the year ended 30 June 2015

strategy of cross selling residential DSL services into this customer base. This action has stemmed the decline in revenues and provided a useful retention tool.

The residential DSL subscriber base grew 11% to 14,030 services in operation, and the VoIP base fell slightly overall to 98,192 services in operation. This overall slight decline is due to the rationalisation and clean-up of the inactive customers brought into the group by the PennyTel acquisition.

d. Domestic Wholesale

Domestic Wholesale voice is sold under the Symbio Networks brand and remains a key profit area for the company. The three key products sold into this market are:

- a) Wholesale voice (termination of high volume wholesale voice minutes),
- b) Wholesale-managed services (hosting of white-label services such as Local Number Portability, voice end-points, phone numbers, and other value added services),
- c) Wholesale aggregation services which is new for this year due to the acquisition of iBoss (hosting of white-label services such as: ADSL resale, NBN resale, Legacy ISDN/PSTN voice resale, mobile telephony resale and provision of Symbio VoIP capabilities).

These products leverage the extensive fully interconnected national voice network that is also used to carry the MyNetFone retail traffic, in addition to an extensive amount of proprietary intellectual property that has been developed by the company over the last 12 years.

The domestic wholesale business is currently hosting over 211 unique service provider customers, a jump of 45% on the previous year.

Services provided in this sector continue to experience strong growth, with Local Number Portability (LNP) growing 14% to 434,000 numbers, and the total volume of Direct-In-Dial (DID) numbers growing 20% to 2.4 million numbers. Wholesale aggregation subscriptions (iBoss) debut at 2,000 as of 30 June 2015 after a successful launch of the product in November 2014.

Total billable traffic on network remains consistent at approximately 3 billion minutes per annum.

e. International Wholesale

International Wholesale voice is sold under the TNZI brand and has contributed 3 months toward this result since its acquisition that was effective on 1 April 2015. The current product sold into this market is mainly voice termination as this was the focus of the TNZI division for its prior owner.

The international wholesale network is currently hosting over 220 service provider customers, most of who are major global Tier 1 service providers. The customer footprint is spread over 92 unique countries.

Total billable traffic on network is estimated at approximately 2.8 billion minutes per annum.

f. Software as a Service (SaaS)

A new market segment for the company this financial year is in the Software as a Service (SaaS) space. This new segment is where the company intends to leverage its extensive software intellectual property assets and monetise them by means of selling cloud based capabilities on a monthly recurring basis or outright software licenses – with a preference for the former.

The current product portfolio in the SaaS segment consists of:

- a) iBoss – providing a cloud based instance dedicated to larger customers for the purpose of hosting their own virtual telecommunications business. There is currently one major domestic customer on this platform.
- b) OpenCA Softswitch – renamed to OCA Softswitch – providing a licensed software capability for small and emerging voice service providers to build and operate their own voice network. There

For the year ended 30 June 2015

is currently one major domestic customer, and approximately 30 smaller international customers on this platform.

- c) TollShield – providing a cloud based service for small and emerging voice service providers to provide toll fraud mitigation and intervention capabilities. There are currently 3 international customers on this platform.

The company owns all the intellectual property for these products and is actively developing new capabilities and products to add to this portfolio over time. Given these products are essentially hosted software products, the company expects to earn high margins from recurring revenue streams on largely fixed overheads.

The company is marketing and actively selling these products both domestically and internationally, leveraging both the Symbio and TNZI sales team and customer base. The opportunity is quite large when put in a global context due to the sheer volume of small to medium sized service providers that exist around the world. The products are especially well suited to smaller operators in new and emerging markets – either due to de-regulation or new technology adoption.

Financial position

The net assets of the company have strengthened with an increase to \$19.0m as at 30 June 2015 (2014: \$14.2m).

The business ended the year with \$6.3m cash (2014: \$7.4m) and bank debt of \$25.3m (2014: \$Nil).

Net Debt at balance date was \$19.0m (2014: (\$7.4m)).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

After balance date events

Dividends proposed:

The dividend as recommended by the Board will be paid subsequent to the balance date.

Share Placement:

On 8 July 2015 MyNetFone issued 4,054,054 fully paid ordinary shares to institutional and sophisticated investors to raise \$15,000,000. The funds raised will be used to accelerate the growth opportunity of the TNZI business and allow for additional future acquisitions.

TNZI US assets:

In April 2015 MyNetFone acquired the global wholesale voice business of Telecom New Zealand International (TNZI). The transaction was completed on the 23 April 2015 for all parts of the transaction except the US based assets, the transfer of which are subject to US regulatory approvals. The company currently expects the US regulatory approval process to complete by the end of October 2015.

Future developments

The Board is committed to growing the company organically as well as by way of targeted acquisitions.

The Company has a strict policy around the evaluation of acquisition targets and we will continue to look to build through leveraging synergies, adding products and services through the acquisition of intellectual property and avoiding companies that are pure re-sellers of other networks.

Environmental issues:

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

For the year ended 30 June 2015

Dividends paid or recommended

Fully franked dividends paid or declared for payment during the financial year are as follows:

	\$000	Franking
Dividends paid during the year:		
2014 Final dividend of 2.50 cents per share paid on 11 September 2014	1,562	100%
2015 Interim dividend of 2.50 cents per share paid on 12 March 2015	1,567	100%
Dividends recommended (subsequent to year end):		
2015 Final dividend of 3.25 cents per share recommended on 25 August 2015	2,170	100%

The 2015 final dividend is to be paid on 30 September 2015 to shareholders registered as at 3 September 2015.

Options

Shares under option or issued on exercise of options

At the 2014 Annual General Meeting held on 28 October 2014, shareholders resolved to grant share options to Directors during the year:

Director	Date of expiry	Exercise price	Number of options
Terry Cuthbertson	31 August 2016	\$3.00	100,000
Michael Boorne	31 August 2016	\$3.00	100,000
Andy Fung	31 August 2016	\$3.00	100,000
Rene Sugo	31 August 2016	\$3.00	150,000
			450,000

No options were exercised by Directors during the year.

At the date of this report, the unissued ordinary shares of My Net Fone Limited under options which were granted in previous financial years are as follows:

Grant date	Date of expiry	Exercise price	Number under option
15 November 2013	31 December 2015	\$1.70	20,000
1 July 2014	31 August 2016	\$3.00	440,000
28 October 2014	31 August 2016	\$3.00	450,000

For the year ended 30 June 2015

Remuneration Report *Audited*

This Remuneration Report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308 (3C) of the Act.

Introduction

The Remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and other senior executives of the Company or the Group.

Non-executive directors

Terry Cuthbertson	Chairman
Michael Boorne	Director
Andy Fung	Director

Executive director

Rene Sugo	Chief Executive Officer
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Other KMPs

Matthew Gepp	Chief Financial Officer
Catherine Ly	Company Secretary & Treasurer

There were no changes to KMP between the reporting date and date the financial report was authorised for issue.

Remuneration governance

Remuneration Committee

Due to the size of the Company the functions of the Remuneration Committee are undertaken by a full Board. Mr Boorne Chairs the Remuneration Committee.

The Board approves the remuneration arrangements of the CEO and other executives and all awards made under short and long term incentive plans.

The Board also sets the aggregate remuneration of non-executive directors, which is then subject to shareholder approval.

For the year ended 30 June 2015

Remuneration Report (continued)

Use of remuneration consultants

The Company does not currently engage remuneration consultants. The Board may consider the use of remuneration consultants in the future as the company grows.

Remuneration report approval at the 2014 AGM

The 2014 remuneration report received positive shareholder support at the 2014 AGM with a vote of 94.8% in favour (2013: 98.2%).

Executive remuneration arrangements

Remuneration principles and strategy

The Board has established salary arrangements for the directors that are comparable with other companies in the sector of similar revenue, market capital and earnings levels. The Board has established salary arrangements for the key executives that are commensurate with their level of experience. The Board will continually review its approach to setting remuneration levels by balancing short and long term benefits and linking remuneration to performance.

Details of short term incentive (STI) plans

As part of their respective employment agreements the CEO, CFO and other senior managers are eligible for a cash bonus subject to the attainment of clearly defined objectives.

Non-executive directors are not eligible for an STI.

STIs for the previous and current financial years are based on meeting agreed net profit after tax targets as set by the Board and are subject to Board approval.

STI amounts paid in FY15 are in relation to the FY14 company performance and targets.

Details of long term incentives (LTI) plans

The Board may issue options to executive and other employees under the company Employee Option Plan in order to align remuneration with the creation of shareholder value over the long term. As such, LTI awards are only made to executives and other key employees who have an impact on the Group's performance.

Shareholders returns

The following table sets out My Net Fone's earnings and movements in shareholder wealth over the past five years:

	2015	2014	2013	2012	2011
Revenue ('000)	\$85,675	\$59,306	\$46,209	\$38,292	\$13,605
NPAT ('000)	\$7,184	\$5,778	\$4,141	\$3,069	\$1,005
Basic EPS (cents)	11.49	9.26	6.98	5.55	1.91
Dividends paid ('000)	\$3,128	\$2,498	\$1,770	\$862	\$657
Dividends per share (cents)	5.75	4.50	3.50	2.30	1.30
Share price (as at 30 June)	\$3.82	\$2.36	\$1.13	\$0.50	\$0.15
Change in share price	\$1.46	\$1.23	\$0.63	\$0.35	\$0.07

For the year ended 30 June 2015

Remuneration Report (continued)

Remuneration details of Key Management Personnel for the year ended 30 June 2015

Details of the nature and amount of benefits and payments for each director and KMP of the Company for the 2014 and 2015 financial years are as follows:

	Short term benefits		Post-employment benefits	Share based payments	Total
	Cash salary & fees	STI/Bonus	Super-annuation	Options	
	\$	\$	\$	\$	

Directors:

Mr T Cuthbertson	2015	94,784	-	9,004	22,000	125,788
	2014	90,593	-	8,380	-	98,973
Mr M Boorne	2015	72,312	-	6,870	22,000	101,182
	2014	69,093	-	6,391	-	75,484
Mr A Fung	2015	61,812	-	5,872	22,000	89,684
	2014	59,093	-	5,466	-	64,559

Executive Director:

Mr R Sugo	2015	298,550	66,350	34,666	33,000	432,566
	2014	294,599	55,571	27,250	-	377,420

Other KMP:

Mr M Gepp	2015	225,000	40,000	25,175	11,000	301,175
	2014	192,204	-	17,779	8,550	218,533
Ms C Ly	2015	146,742	-	13,940	4,400	165,082
	2014	142,954	-	13,223	8,550	164,727
Total	2015	899,200	106,350	95,527	114,400	1,215,477
	2014	848,536	55,571	78,489	17,100	999,696

For the year ended 30 June 2015

Remuneration Report (continued)

Key terms of employment agreements

The Company has entered into an Executive Employment Agreement with Rene Sugo. The remuneration and terms of employment for other Key Executives are also set out in written agreements. Each of these employment agreements are unlimited in term but may be terminated by written notice by either party and by the Company making payment in lieu of notice.

Each of these agreements sets out the arrangements for total fixed remuneration, performance-related cash bonus opportunities, superannuation, termination rights and obligations and eligibility to participate in the employee equity-based incentive scheme. Executive salaries are reviewed annually. The executive employment agreements do not require the Company to increase base salary, incentive bonuses or to continue the participants' participation in equity-based incentive programs.

The Company may terminate the employment of the Key Executives without notice and without payment in lieu of notice in some circumstances. This includes if the executive:

1. commits an act of serious misconduct;
2. commits a material breach of the executive employment agreement;
3. denigrates or engages in any behaviour that may materially damage the reputation of, or otherwise bring the Company into disrepute; or is convicted of any criminal offence which would in the reasonable opinion of the Board of Directors adversely affect the carrying out of the executive's duties.

The Company may terminate the employment of the Key Executive at any time by giving the executive notice of termination or payment in lieu of such notice. The amount of notice required from the Company in these circumstances is set out in the following table:

Name of key executive	Company notice period	Employee notice period	Termination provision
Rene Sugo	6 months	1 month	6 months base salary
Matthew Gepp	3 Months	3 months	3 months base salary
Catherine Ly	6 months	1 month	6 months base salary

Directors' interests in shares and options of the company or related bodies corporate

At the date of this Report, the particulars of shares and options held by the directors of the company in the company or in related bodies corporate which are required to be declared in the register of directors' share holdings are as follows:

Name of Director	Share holding	Options
Mr Andy Fung	14,448,955	100,000
Mr Rene Sugo	13,488,955	150,000
Mr Terry Cuthbertson	1,000,000	100,000
Mr Michael Boorne	682,500	100,000
Total	29,620,410	450,000

This concludes the remuneration report, which has been audited.

For the year ended 30 June 2015

Directors' benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying officers or auditor

During the year, the Group confirmed a contract insuring the directors, the company secretary and all executive officers of the Group and any related body corporate, against a liability incurred by a director, company secretary or executive officers to the extent permitted by the Corporation Act 2001. The insurance cover is effective from 13 March 2015 for a period of 12 months.

The Group has indemnified the directors, the company secretary and all executive officers of the Group for costs incurred, in their capacity as officers of the Group, for which they may held personally liable, except where there is a lack of good faith.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to the auditors of the Group or any related entities against a liability incurred by the auditors.

Proceedings on behalf of Company

No person has applied for leave of a Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non-audit services

During the current and prior year MNSA Pty Ltd Chartered Accountants, the Group's auditor did not provide any non-audit services.

The total amount received by MNSA Pty Ltd Chartered Accountants for non-audit services was \$Nil (2014:\$Nil).

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for audits imposed by the Corporations Act 2001. The nature and scope of the non-audit service was such that auditor independence was not compromised.

Auditor's independence declaration

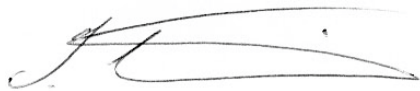
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been received and can be found on page 52 of the financial report.

Rounding off

The Group is of a kind referred to in ASIC Class order 98/100 dated 10 July 1988 and in accordance with that Class Order, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

For the year ended 30 June 2015

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Terry Cuthbertson
Chairman



Rene Sugo
Director

Sydney, 25 August 2015

Financial Statements 2015

My Net Fone Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June:	Notes	Consolidated group	
		2015	2014
		\$000	\$000
Continuing operations			
Revenue	3a	85,675	59,306
Cost of Sales		(53,891)	(35,047)
Gross profit		31,784	24,259
Finance revenue	3a	88	97
Employee benefits expense	3b	(13,840)	(11,063)
Depreciation and amortisation	3c	(1,983)	(991)
Other expenses	3d	(5,846)	(4,260)
Costs related to acquisition		(332)	-
Financing costs	3e	(225)	(41)
Profit before income tax		9,646	8,001
Income tax expense	4	(2,462)	(2,223)
Profit from continuing operations		7,184	5,778
Net profit for the year		7,184	5,778
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		155	-
Changes in fair value of cash flow hedges		(23)	-
		132	-
Total comprehensive income for the year		7,316	5,778
Earnings per share from continuing operations			
- Basic earnings per share (cents)	25	11.49	9.26
- Diluted earnings per share (cents)	25	11.32	9.22

The accompanying notes form part of these consolidated financial statements

My Net Fone Limited
Consolidated statement of financial position

As at:	Notes	Consolidated group	
		30 June 2015	30 June 2014
		\$000	\$000
Assets			
Current assets			
Cash and cash equivalents	5a	6,287	7,444
Trade and other receivables	6	29,706	5,294
Inventories		185	249
Other financial assets	7	323	298
Total current assets		36,501	13,285
Non-current assets			
Property, plant and equipment	8	7,797	1,717
Deferred income tax asset	4c	527	504
Goodwill and other intangibles	22	29,308	11,951
Consideration paid in advance	24	4,420	-
Total non-current assets		42,052	14,172
Total assets		78,553	27,457
Liabilities			
Current liabilities			
Trade and other payables	9	29,304	8,783
Loans and borrowings	10	2,500	-
Deferred revenue	12	1,843	1,725
Income tax payable		1,201	1,492
Finance lease liability	14	16	88
Provisions	13	1,169	573
Total current liabilities		36,033	12,661
Non-current liabilities			
Finance lease liability	14	-	16
Loans and borrowings	10	22,790	-
Financial instruments	11	23	-
Provisions	13	659	540
Total non-current liabilities		23,472	556
Total liabilities		59,505	13,217
Net assets		19,048	14,240
Equity			
Issued capital	15a	9,932	9,507
Reserves		1,485	1,157
Retained earnings		7,631	3,576
Total equity		19,048	14,240

The accompanying notes form part of these consolidated financial statements

My Net Fone Limited

Consolidated statement of cash flows

For the year ended 30 June		Consolidated group	
		2015	2014
Notes		\$000	\$000
Cash flows from operating activities			
		81,694	65,282
		(69,010)	(55,269)
		88	97
		(225)	(41)
		(3,001)	(1,462)
	5b	9,546	8,607
Cash flows from investing activities			
		(3,811)	(898)
		(25)	128
		(24,128)	(320)
		(4,420)	-
		(817)	-
		-	(2,350)
		(33,201)	(3,440)
Cash flows from financing activities			
		425	136
		(3,129)	(2,497)
		26,790	-
		(1,588)	(175)
		22,498	(2,536)
		(1,157)	2,631
		7,444	4,813
	5a	6,287	7,444

The accompanying notes form part of these consolidated financial statements

My Net Fone Limited
Consolidated statement of changes in equity

Attributable to owners of the company

For the year ended 30 June 2015

	Ordinary share capital	Share- based payment reserve	Trans- lation reserve	Hedging reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2013	9,371	1,110	-	-	296	10,777
Profit for period	-	-	-	-	5,778	5,778
Dividends paid	-	-	-	-	(2,498)	(2,498)
Share options exercised	136	-	-	-	-	136
Share based payment transactions	-	47	-	-	-	47
Balance at 30 June 2014	9,507	1,157	-	-	3,576	14,240
Profit for period	-	-	-	-	7,184	7,184
Other comprehensive income	-	-	155	(23)	-	132
Dividends paid	-	-	-	-	(3,129)	(3,129)
Share options exercised	425	-	-	-	-	425
Share based payment transactions	-	196	-	-	-	196
Balance at 30 June 2015	9,932	1,353	155	(23)	7,631	19,048

The accompanying notes form part of these consolidated financial statements

Notes to the Consolidated Financial Statements

My Net Fone Limited

Notes to the Consolidated financial statements

1. Corporate Information

These consolidated financial statements and notes represent those of My Net Fone Limited and controlled entities (the "Company" or the "Group") for the year ended 30 June 2015.

My Net Fone Limited is a profit entity limited by shares and incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) and is the ultimate parent entity in the Group.

The separate financial statements of the parent entity, My Net Fone Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on **25 August 2015** by the directors of the Company.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

a. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b. New and amended accounting policies adopted by the Group and New Accounting Standards for application in future periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

c. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by My Net Fone Limited at the end of the reporting period. A controlled entity is any entity over which My Net Fone Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21 to the financial statements.

d. Business combination

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.

Consideration transferred for the acquisition comprises the fair value of the assets transferred, liability incurred and the equity interests issued by the acquirer. 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. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate. Acquisition related costs are expensed as incurred.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of fair value of consideration transferred, over the acquisition-date fair values of identifiable net assets.

e. Going concern

The financial report has been prepared on a going concern basis. This presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

For the year ended 30 June 2015 the Group generated profit after tax of \$7.2m (2014: \$5.8), as at the balance date the Group's total assets exceeded total liabilities by \$19.0m (2014: \$14.2m).

My Net Fone Limited

Notes to the consolidated financial statements (continued)

The Directors believe that the going concern basis of accounting is appropriate due to the expected cash flows to be generated by the Group over the next twelve months. The Directors closely monitor cash flows as the Group grows and if revenues do not increase as expected, the directors will look to contain costs. The Directors believe that these actions, if required, will be sufficient to ensure that the company will be able to pay its debts as and when they fall due for the next twelve months.

Notwithstanding the above, the directors acknowledge that there are a number of risk factors that could materially affect the Group's future profitability and cash flows, which include, but are not limited to:

(i) Competition

There can be no assurance given in respect of the Group's ability to continue to compete profitably in the competitive markets in which the Group operates. The potential exists for change in the competitive environment in which the Group operates.

(ii) Management of growth

The Group achieved a profit during the year, however, there is always an inherent risk the Group may have insufficient working capital to meet its business requirements and the expansion of the Group will depend upon the ability of management to implement and successfully manage the Group's growth strategy.

(iii) Reliance on key management

The responsibility of overseeing the day-to-day operations and strategic management of the Group is substantially dependent upon its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Group if one, or a number of, these employees cease their employment.

(iv) New products and technological developments

The Group's current core business of broadband telecommunications is highly competitive and is subject to the introduction of new and improved products and services into the market on a regular basis.

(v) Broadband access arrangements

The Group currently has certain access to the Internet backbone network. Terms of the supply of broadband are negotiated regularly. There is no guarantee that future access arrangements will be able to be negotiated on commercially acceptable terms.

(vi) Distribution channels and device suppliers

The Group benefits from its good working relationship with its distribution channels to promote its products and services and with its device suppliers to provide its VoIP adaptors. There is no guarantee that these relationships will continue in the future.

(vii) Legislation, regulation and policies

Any material adverse changes in government or other regulatory organisation policies or legislation which impacts on the telecommunications industry, may affect the viability and profitability of the Group.

(viii) Internet access

The use of VoIP technology is dependent on quality and speed of access to the Internet. The market growth of VoIP may be limited by the take up rate of broadband and other fast Internet access or by the quality of such access.

f. Reverse acquisition

In accordance with AASB 3 *Business Combinations*, when My Net Fone Limited (the legal parent) acquired My Net Fone Australia Pty Limited (the legal subsidiary), the acquisition was deemed to be a reverse acquisition since the substance of the transaction was that the existing shareholders of My Net Fone Australia Pty Limited have, through My Net Fone Australia Pty Limited, effectively acquired My Net Fone Limited. Under reverse acquisition accounting, the consolidated financial statements are prepared as if My Net Fone Australia Pty Limited had acquired My Net Fone Limited, not vice versa as represented by the legal position.

g. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assure a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Key estimates that have a significant risk of causing adjustments to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an independent valuer using a Black-Scholes model. The accounting estimates and assumptions relating to equity-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may have impact on profit or loss and equity.

(ii) Useful lives of property, plant & equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each financial year. The Group adjusted the remaining effective useful life of its assets to better reflect their actual usage and future economic benefit.

(iii) Utilisation of tax losses

The Company and its wholly-owned Australian subsidiaries elected to join as members of a tax consolidated group under Australian taxation law as of 1 July 2011. Each entity in the tax consolidated group contributed tax losses to the Group. The Group has no tax losses to currently utilize.

(iv) Research & Development (R&D) tax concession

When calculating the income tax provision for the year, there is an operating assumption that the Research & Development tax concession for 2015 will be materially the same as for 2014. The directors believe the estimate is reasonable and conservative. This may be subject to change following the approval of the R&D tax concession application from AusIndustry in due course.

h. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from telecommunication services are recognised when the services are provided to the customer. Deferred revenue represents the unused proportion of cash received in advance for call credits determined on a specific account basis at balance date.

(ii) Interest income / Finance revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

i. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

j. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

k. Trade and other receivables

Trade receivables and other receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any amounts determined to be un-collectable.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

l. Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary consolidated environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

On consolidation, assets and liabilities have been translated into Australian dollars at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. The exchange differences are taken to other comprehensive income (OCI) in the consolidated financial report.

m. Income tax

The income tax expense (credit) for the year comprises current income tax expense (credit) and deferred tax expense (credit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses if any.

Current and deferred income tax expense (credit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation:

My Net Fone Limited and its wholly-owned Australian subsidiaries are part of a tax consolidation group under Australian taxation law. My Net Fone Limited is the head entity in the tax consolidation group. Tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidation group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

My Net Fone Limited, as the head entity in the tax consolidated group, recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Inventories

Inventories are measured and recorded at cost and are valued at the lower of cost and net realisable value.

p. Property, plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

	Domestic	International
Furniture & Fittings	6 to 10 years	6 to 10 years
Office Equipment	3 to 5 years	3 to 5 years
Leasehold improvements	3 to 5 years	3 to 5 years
Network Infrastructure and IT Systems	2 to 4 years	4 to 10 years

My Net Fone Limited

Notes to the consolidated financial statements (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

q. Financial instruments

Non-derivative financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) Investments in subsidiaries held by the parent

Investments in subsidiaries held by the parent entity are recognised and subsequently measured at cost in the separate financial statements of the Company, less any impairment.

(iii) Derivative financial instruments and hedge accounting

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

r. Intangible assets and goodwill (impairment testing)

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognition and measurement:

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill Assets with an indefinite life are not subject to amortisation and are tested for impairment on an annual basis, or whenever an indication of impairment exists.
Brands	Brands identified on acquisitions are measured and recorded at valuation less accumulated impairment losses. Brands with an indefinite life are not subject to amortisation and are tested for impairment on an annual basis, or whenever an indication of impairment exists.
Research and development	Expenditure on research is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer contracts, patents and trademarks and acquired software acquired by the Group and have finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their residual values using the straight-line method over their estimated useful life, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimate useful life of intangibles is as follows:

- Patents and trademarks 5-20 years
- Software and Software development costs 5-10 years
- Customer relationships 3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

s. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

When the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

u. Employee leave benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

v. Contributed capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

w. Earnings per share

Basic earnings per share is determined as net profit/(loss) attributable to members of the group, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted earnings per share include options outstanding that will have the potential to convert to ordinary shares and dilute the basic earnings per share.

x. De-recognition of financial assets and financial liabilities

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

y. Share-based payment transactions

The Group provides benefits to its employees and Directors (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and Directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees and Directors become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

- (i) the grant date fair value of the award;

My Net Fone Limited

Notes to the consolidated financial statements (continued)

- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) the expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

3. Revenue and expenses

For the year ended 30 June	2015	2014
	\$000	\$000
(a) Revenue		
Rendering of services	85,675	59,306
Finance revenue consists of:		
Interest on bank deposits	88	97
(b) Employee benefits expense		
Wages and salaries	11,940	9,641
Superannuation	1,068	856
Share based payments expense	196	47
Other employee benefits expense	636	519
	13,840	11,063
(c) Depreciation and amortisation		
Depreciation of fixed assets	1,474	991
Amortisation of intangibles	509	-
	1,983	991
(d) Other expenses		
Marketing	1,145	1,122
Property	793	484
Technology & support	969	578
Distribution	218	169
Accounting and audit	196	144
Legal and consulting	88	37
Bank and transaction costs	362	300
Other administrative expenses	2,075	1,426
	5,846	4,260
(e) Financing costs		
Finance charges payable under finance lease	8	41
Finance charges payable on bank loan	217	-
	225	41

My Net Fone Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June

2015	2014
\$000	\$000

4. Income tax

a. Income tax expense

The major components of income tax expense are as follows:

Current tax	2,475	2,485
Adjustment in respect of current income tax of previous years	(26)	(33)
Deferred tax	13	(229)
Total	2,462	2,223

b. Reconciliation between tax expense and the accounting profit

Profit before income tax	9,646	8,001
At the Group's statutory rate of 30% (2014: 30%)	2,894	2,400
Tax incentives	(222)	(181)
Effect of tax rates in foreign jurisdictions	(50)	-
Non-temporary differences	156	38
Origination and reversal of temporary differences	-	(1)
Change in recognised deductible temporary differences	(290)	-
Adjustment in respect of prior year	(26)	(33)
Total	2,462	2,223

c. Deferred tax asset

Recognised in the accounts:

Relating to temporary differences	527	504
	527	504

The total value of temporary differences not brought to account in the current year is Nil (2014: \$296k)

The Company and its wholly-owned Australian entities are members of a tax consolidated group from 1 July 2011. Transactions within the Group have been eliminated in full on consolidation.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June	2015	2014
	\$000	\$000
5. Statement of cash flows reconciliation		
a. Cash and cash equivalents		
Cash and cash equivalents balance comprises:		
Cash at bank	6,287	7,444
b. Reconciliation of net profit after tax to net cash flows from operating activities:		
Profit for the year	7,184	5,778
Adjustments for:		
Depreciation and amortisation	1,983	991
Share based payments expense	196	47
Tax expense	2,462	2,223
Changes in assets and liabilities, net of the effects of acquisitions:		
Change in trade and other receivables	(8,770)	1,518
Change in inventories	65	2
Change in trade and other payables	9,075	(765)
Change in deferred revenue	117	2
Change in provisions and employee benefits	235	273
Cash generated from operating activities	12,547	10,069
Tax paid	(3,001)	(1,462)
Net cash flow from operating activities	9,546	8,607
6. Trade and other receivables		
Trade receivables	29,224	5,313
Doubtful debts provision	(768)	(121)
Provision for credit notes	(250)	(150)
Other receivables	1,500	252
	29,706	5,294
7. Other financial assets		
Term deposits	323	298

Term deposits relate to cash on deposit securing bank guarantees and are not available for immediate use. Short term deposits are made for fixed terms and earn interest at the prevailing short term rates.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

8. Property, plant and equipment

	Office furniture & equipment	Leasehold improve - ments	Network infrastructure & equipment	Total
Consolidated	\$000	\$000	\$000	\$000
Cost:				
At 1 July 2013	748	-	3,029	3,777
Acquisitions	-	-	250	250
Additions	138	-	759	897
Disposals	-	-	-	-
At 30 June 2014	886	-	4,038	4,924
At 1 July 2014	886	-	4,038	4,924
Acquisitions	441	-	12,749	13,190
Additions	297	237	3,277	3,811
Disposals	-	-	(44)	(44)
Reclassify asset category	-	50	(50)	-
Effect of movement in exchange rates	26	-	487	513
At 30 June 2015	1,650	287	20,457	22,394
Accumulated depreciation:				
At 1 July 2013	(428)	-	(1,788)	(2,216)
Acquisitions	-	-	-	-
Depreciation expense	(152)	-	(839)	(991)
Disposals	-	-	-	-
At 30 June 2014	(580)	-	(2,627)	(3,207)
At 1 July 2014	(580)	-	(2,627)	(3,207)
Acquisitions	(421)	-	(9,037)	(9,458)
Depreciation expense	(158)	(54)	(1,262)	(1,474)
Disposals	-	-	44	44
Reclassify asset category	-	(35)	35	-
Effect of movement in exchange rates	(24)	-	(478)	(502)
At 30 June 2015	(1,183)	(89)	(13,325)	(14,597)
Net Book Value:				
At 30 June 2014	306	-	1,411	1,717
At 30 June 2015	467	198	7,132	7,797

Assets are encumbered to the extent disclosed in note 17(b)

My Net Fone Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June

2015	2014
\$000	\$000

9. Trade and other payables

Trade payables	8,787	4,319
Other creditors and accruals	20,477	4,431
Security deposits held	40	33
	29,304	8,783

10. Loans and borrowings

Current liabilities:		
Secured bank loan	2,500	-
Non-current liabilities:		
Secured bank loan	22,790	-
	25,290	-

The Group's bank facility (the "Facility") consists of a \$27,000,000 revolving acquisition facility and a \$500,000 revolving multi-option credit facility. The Facility has a maturity date of 20 April 2020.

The Facility is secured by a fixed and floating charge over the assets of the Group.

During the year there were no defaults or breaches on the Facility.

11. Financial liabilities

Non-current liabilities		
Interest rate swap contract - cash flow hedge	23	-

The Group's bank facility is a variable interest rate facility. It is the Groups policy to protect a portion of the bank facility from exposure to fluctuations in interest rates. Accordingly on 23 April 2015 the Group entered into an interest rate swap agreement to protect the loan facility from exposure to increasing interest rates. A hedge relationship was designated on this date. Under this interest rate swap, the Group is obliged to receive interest at a variable rate and pay interest at a fixed rate of 2.64% per annum. The swap covers 52% of the floating rate exposure under the Facility.

The contract requires settlement of the net interest receivable or payable each 90 days which coincides with the dates on which interest is payable on the underlying facility making it highly effective.

The gain or loss from remeasuring the hedging instrument at fair value is recognised in other comprehensive income and deferred in equity in the hedge reserve. It is reclassified into profit or loss when the hedged interest expense is recognised.

12. Deferred revenue

Pre-paid calling credits	1,843	1,725
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Deferred revenue relates to cash received in advance from customers with respect to pre-paid calling credits. The balance represents the unused call credits as at balance date.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

13. Provisions

	Annual leave	Long service leave	Total
	\$000	\$000	\$000
As at 1 July 2014	573	540	1,113
Arising during the year	852	86	938
Acquired during the year	416	63	479
Utilised during the year	(672)	(30)	(702)
As at 30 June 2015	1,169	659	1,828
Current	1,169	-	1,169
Non-current	-	659	659

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 2.

14. Finance lease liability

	2015	2014
	\$000	\$000
Finance lease liability: Current	16	88
Finance lease liability: Non-current	-	16

Refer to note 17(b) for the terms and conditions relating to the finance lease obligations.

15. Issued capital

a. Ordinary shares

	2015	2014
	\$000	\$000
Issued capital	9,932	9,507

	2015		2014	
	Number of shares	\$000	Number of shares	\$000
Movements in ordinary shares on issue:				
At 1 July	62,460,215	9,507	62,250,215	9,371
Exercise of share options (i)	-	-	210,000	136
Exercise of share options (ii)	250,000	425	-	-
At 30 June	62,710,215	9,932	62,460,215	9,507

- (i) In the prior year employees exercised a total of 210,000 options with an exercise price of \$0.65
- (ii) In the current year employees exercised a total of 250,000 options with an exercise price of \$1.70

Ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

b. Share options

Movements in share options on issue:	2015		2014	
	Number	WAEP \$	Number	WAEP \$
Outstanding at 1 July	270,000	1.70	250,000	0.65
Granted during the year	890,000	3.00	270,000	1.70
Exercised during the year	(250,000)	1.70	(210,000)	0.65
Expired during the year	-	-	(40,000)	0.65
Outstanding at the 30 June	910,000	2.97	270,000	1.70
Exercisable	910,000	2.97	270,000	1.70

The outstanding options balance as at 30 June 2015, issued under the share based payment option scheme to directors, executives and employees is represented by 20,000 and 890,000 options with an exercise price of \$1.70 and \$3.00 and an expiry date of 31 December 2015 and 31 August 2016 respectively.

16. Share based payments

Outstanding options as at year end:

	2015	2014
	Number	Number
Employee option plan	460,000	270,000
Options granted to directors	450,000	-
Total	910,000	270,000

a. Employee option plan (EOP)

The Board may issue options under the EOP to any employee of the Group, including executive directors and non-executive directors. Options will be issued free of charge, unless the Board determines otherwise. Each option is to subscribe for one share and when issued, the shares will rank equally with other shares. Unless the terms on which an option was offered specify otherwise, an option may be exercised at any time after one year from the date it is granted, provided the employee is still employed by the Company.

An option may also be exercised in special circumstances, that is, at any time within 6 months after the employee's death, total and permanent disablement, or retrenchment. An option lapses upon the termination of the employee's employment by the Company and, unless the terms of the offer of the option specify otherwise, lapses three years after the date upon which it was granted. The exercise price per share for an option will be the average closing market price of the Company's share over the five trading days before their issue.

The maximum number of options on issue under the EOP must not at any time exceed 5% of the total number of shares on issue at that time.

b. Share options granted to directors

450,000 options were granted to Directors during the year. The following table illustrates the number and weighted average exercise prices (WAEP) of and movements of share options held by directors during the year:

	2015		2014	
	Number	WAEP \$	Number	WAEP \$
Outstanding as 1 July	-	-	-	-
Granted during the year	450,000	3.00	-	-
Exercised during the year	-	-	-	-
Outstanding as at 30 June	450,000	3.00	-	-

My Net Fone Limited

Notes to the consolidated financial statements (continued)

17. Commitments and contingencies

a. Operating lease commitments

Operating leases relate to premises with lease terms remaining between 1 and 3 years. The consolidated entity does not have an option to purchase the leased assets at the expiry of the lease terms.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2015 are as follows:

	2015	2014
	\$000	\$000
Within one year	771	562
After one year, not more than five years	526	461
More than five years	-	-
	1,297	1,023

b. Finance lease commitments

The Group has used finance leases to acquire Network infrastructure and equipment. Future minimum lease payments under purchase contracts together with the present value of the net minimum lease payments are as follows:

	2015	2014
	\$000	\$000
Within one year	16	105
After one year, not more than five years	-	23
More than five years	-	-
Total minimum lease payments	16	128
Less amounts representing finance charges	-	(24)
Present value of minimum lease payments	16	104
Included in the financial statements as:		
Finance lease liability: Current	16	88
Finance lease liability: Non-current	-	16
Total	16	104

The finance lease obligations consist of one finance lease with a maturity date of August 2015. The finance lease liabilities are secured against the assets to which they relate.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

18. Events after reporting date

a. Dividends

The dividend as recommended by the Board will be paid subsequent to the balance date.

b. Share Placement

On 8 July 2015 My Net Fone issued 4,054,054 fully paid ordinary shares at a price \$3.70 to institutional and sophisticated investors to raise \$15,000,000. The funds raised will be used to accelerate the growth opportunity of the TNZI business and allow for additional future acquisitions.

Since the reporting date, there have been no other significant events, other than those mentioned above, which would impact on the financial position of the Company as disclosed in the Statement of Financial Position as at 30 June 2015, and on the cash flow of the Company for the year ended on that date.

19. Auditors remuneration

The Auditor of the Group is MNSA Pty Ltd Chartered Accountants.

2015	2014
\$000	\$000

Auditors of the company:

Amounts received or due and receivable by MNSA Pty Ltd Chartered Accountants for:

Audit and review of the annual report of the entity	112	85
Non-audit services	-	-

Other Auditors:

Audit and review of financial statements	36	-
	148	85

20. Director and executive disclosures

a. Details of Key Management Personnel (KMP)

Mr Terry Cuthbertson	Chairman and non-executive Director
Mr Michael Boorne	Non-executive Director
Mr Andy Fung	Non-executive Director
Mr Rene Sugo	Director & Chief Executive Officer
Mr Matthew Gepp	Chief Financial Officer
Ms Catherine Ly	Company Secretary

b. Compensation of Key Management Personnel

The Group has applied the exemption under Corporations Amendments Regulation 2006 No 4 which exempts listed companies from providing remuneration disclosures in relation to their key management personnel in their annual financial reports by Accounting Standard AASB 124 Related Party Disclosures. These disclosures are provided in the Directors' Report designated as audited.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

c. Shareholdings of Key Management Personnel

	Year	Balance at the beginning of period	Traded during the year	Options exercised	Balance at end of period
Directors:					
Mr Terry Cuthbertson	2015	1,125,000	(125,000)	-	1,000,000
	2014	1,625,000	(500,000)	-	1,125,000
Mr Michael Boorne	2015	1,019,749	(337,249)	-	682,500
	2014	1,244,749	(225,000)	-	1,019,749
Mr Andy Fung	2015	14,488,955	(40,000)	-	14,448,955
	2014	14,488,955	-	-	14,488,955
Mr Rene Sugo	2015	13,488,955	-	-	13,488,955
	2014	14,488,955	(1,000,000)	-	13,488,955
Executives:					
Mr Matthew Gepp	2015	-	-	50,000	50,000
	2014	-	-	-	-
Ms Catherine Ly	2015	210,000	-	50,000	260,000
	2014	210,000	-	-	210,000

The above shareholdings are held directly and indirectly through controlled entities.

d. Share options of Key Management Personnel

	Year	Balance at the beginning of period	Granted	Options exercised	Balance at end of period
Directors:					
Mr Terry Cuthbertson	2015	-	100,000	-	100,000
	2014	-	-	-	-
Mr Michael Boorne	2015	-	100,000	-	100,000
	2014	-	-	-	-
Mr Andy Fung	2015	-	100,000	-	100,000
	2014	-	-	-	-
Mr Rene Sugo	2015	-	150,000	-	150,000
	2014	-	-	-	-
Executives:					
Mr Matthew Gepp	2015	50,000	50,000	(50,000)	50,000
	2014	-	50,000	-	50,000
Ms Catherine Ly	2015	50,000	20,000	(50,000)	20,000
	2014	-	50,000	-	50,000

My Net Fone Limited

Notes to the consolidated financial statements (continued)

21. Controlled entities

The consolidated financial statements include the financial statements of My Net Fone Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Ownership interest	
		2015	2014
My Net Fone Australia Pty Limited	Australia	100%	100%
Symbio Networks Pty Limited	Australia	100%	100%
Symbio Wholesale Pty Limited	Australia	100%	100%
Internex Australia Pty Limited	Australia	100%	100%
Pennytel Australia Pty Limited	Australia	100%	100%
Numbering Services Australia Pty Limited	Australia	100%	100%
Symbio Wholesale (Singapore) Pte Limited	Singapore	100%	100%
Symbio Wholesale International Pty Limited (i)	Australia	100%	-
TNZI USA LLC (ii)	USA	100%	-
TNZI New Zealand Limited (iii)	New Zealand	100%	-
TNZI Australia Pty Limited (iv)	Australia	100%	-
TNZI UK Limited (v)	United Kingdom	100%	-
TNZI Singapore Pte Limited (vi)	Singapore	100%	-

(i) Symbio Wholesale International Pty Limited was registered on 9 March 2015

(ii) TNZI USA LLC was registered on 16 March 2015

(iii) TNZI New Zealand Limited was registered on 17 March 2015

(iv) TNZI Australia Pty Limited was acquired on 23 April 2015

(v) TNZI UK Limited was acquired on 23 April 2015

(vi) TNZI Singapore Pte Limited was acquired on 23 April 2015

My Net Fone Limited

Notes to the consolidated financial statements (continued)

22. Goodwill and other intangible assets

Consolidated	Goodwill	Brands	Customer contracts	Software development costs	Software, and other assets #	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 July 2014	9,219	-	2,732	-	-	11,951
Reclassification of intangible asset [^]	2,732	-	(2,732)	-	-	-
Re-stated balance at 1 July 2014	11,951	-	-	-	-	11,951
Acquisition of iBoss (24a)	-	-	-	-	1,580	1,580
Acquisition of OpenCA (24b)	-	-	-	-	500	500
Acquisition of TNZI (24c)	2,666	1,811	1,377	-	9,115	14,969
Additions	-	-	-	817	-	817
Balance at 30 June 2015	14,617	1,811	1,377	817	11,195	29,817
Accumulated Amortisation						
Balance at 1 July 2014	-	-	-	-	-	-
Amortisation	-	-	(69)	-	(440)	(509)
Balance at 30 June 2015	-	-	(69)	-	(440)	(509)
Net Book Value						
At 30 June 2015	14,617	1,811	1,308	817	10,755	29,308
At 30 June 2014	11,951	-	-	-	-	11,951

Acquired externally or purchased as part of a business combination

[^] Intangible assets valued at \$2,732k were described in the June 2014 Financial Statements as 'subscriber customer bases'. The company treats these intangible assets as having an indefinite useful life and for impairment testing has treated these assets as goodwill. For clarity of reporting and to correct this error in classification within this asset category these intangible assets have been reclassified to goodwill.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

23. Impairment testing

For the purpose of undertaking impairment testing, My Net Fone Limited identifies cash generating units (CGUs). CGUs are determined according to the smallest group of assets that generates cash flows that are separately identifiable.

The carrying amount of goodwill broken out into CGUs is detailed below:

Goodwill	30 June 2015	30 June 2014 (re-stated) #
CGUs		
Wholesale (1)	6,086	6,086
Data (2)	4,533	4,533
Retail (3)	1,332	1,332
International (4)	2,666	-
	14,617	11,951

Re-stated to include the reclassified Other Intangible assets of \$2,732k into goodwill (refer note 22)

- (1) Wholesale CGU relates the goodwill from the acquisition of the Symbio business (\$4,686k) and the GoTalk (\$1,400k)
- (2) Data relates to goodwill recognised on the Internex acquisition.
- (3) Retail CGU relates to the My Net Fone CGU and includes the retail voice and data business and includes the goodwill from the Callstream (\$585k), BuzzCorp (\$295k) and Pennytel (\$452k) business acquisitions.
- (4) International relates to the acquisition of the TNZI business

Goodwill assets with an indefinite life are not subject to amortisation and are tested for impairment on an annual basis, or whenever an indication of impairment exists.

The recoverable amount of the cash generating units has been determined based on value-in-use calculations using cash flow projections based on five year financial forecasts and assumptions that represent management's best estimate of the range of business and economic conditions at the time. Calculations are reviewed and approved by the Board of Directors.

Value-in-use represents the present value of the future net cash flow arising from the assets continued use and subsequent disposal. Any reduction in the carrying value is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income in the reporting period in which the impairment loss occurs.

In determining value in use, management applies its best judgement in establishing forecasts of future operating performance, as well as a selection of growth rates, terminal rates and discount rates. These judgements are applied based on management's understanding of historical information and expectation of future performance.

Management considers that, as the wholesale, retail and data CGUs operate in the Telecommunications Industry in Australia servicing the same markets, the risks specific to each unit are comparable and therefore a discount rate of 10.0% (2014: 10.1%) is applicable to all domestic CGUs. The long-term growth rate used to extrapolate the cash flows beyond five years (the Terminal Value) for each CGU is 2.5% (2014: 3.0%). The International CGU has been assessed using a discount rate of 14.6% (2014: NA) and a Terminal Value of 2.0% (2014: NA)

Based on the results of the tests undertaken no impairment losses were recognised in relation to goodwill.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

24. Business combinations

a. iBoss

On 18 July 2014 My Net Fone Limited purchased the business and intellectual property (comprising of software assets) of wholesale telecommunications enabler iBoss.

Goodwill arising from the acquisition has been recognised as follows:

	\$'000
Consideration transferred	1,400
Less fair value of identifiable net assets acquired	1,400
Goodwill arising on acquisition	-

The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date were as follows:

Assets:	
Intangible software assets	1,580
Liabilities:	
Employee benefit liability	(180)
Fair value of identifiable net assets acquired	1,400

b. OpenCA

On 8 December 2014 My Net Fone Limited purchased the software development business, source-code and intellectual property of S2Net Limited. This included OpenCA which provides soft-switching and intelligent control functionality for voice over IP networks.

Goodwill arising from the acquisition has been recognised as follows:

	\$'000
Consideration transferred	454
Less fair value of identifiable net assets acquired	454
Goodwill arising on acquisition	-

The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date were as follows:

Assets:	
Intangible software assets	500
Liabilities:	
Employee benefit liability	(46)
Fair value of identifiable net assets acquired	454

My Net Fone Limited

Notes to the consolidated financial statements (continued)

c. TNZI

With effect from 1 April 2015 My Net Fone Limited purchased the global wholesale voice business of Telecom New Zealand International (TNZI) from Spark New Zealand Limited for NZD 22.4m (A\$22.0m).

Completion of the US component of the acquisition will take place when approval of a US Telecommunications Licence is granted. This is anticipated to happen during the first half of FY16.

Goodwill arising from the acquisition of the Non-US TNZI business has been recognised as follows:

	\$'000
Purchase consideration paid	22,010
Plus working capital adjustment	4,684
Less US TNZI voice business component	(4,420)
Net cash paid for Non-US TNZI voice business	22,274
Less fair value of identifiable net assets in Non-US TNZI voice business	19,608
Provisional goodwill	2,666
Identifiable net asset acquired:	
Trade receivables	14,985
Doubtful debts provision	(686)
Other Debtors	1,342
Deferred tax asset	78
Fixed assets	13,190
Accumulated depreciation	(9,459)
Customer contracts	1,377
Brand names	1,811
Software	9,115
Trade and other payables	(11,601)
Income tax payable	(292)
Provisions	(252)
Provisional fair value of identifiable net assets	19,608

The fair value of TNZIs intangible assets (brand name, customer bases and software assets) has been measured provisionally based on a preliminary independent valuation, pending completion of a final independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Consideration paid in advance:

For US TNZI voice business	4,420
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Once the acquisition of the US TNZI voice business is complete, the acquisition accounting for the entire TNZI business will be reviewed taking into account the additional purchase price, working capital and other identifiable intangible assets.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

25. Earnings per share

Earnings and weighted average number of ordinary shares used in calculating basic and diluted earnings per share are:

	2015	2014
	\$000	\$000
Net profit attributable to ordinary equity holders of the Company	7,167	5,778
Weighted average number of shares:	Number '000	Number '000
Weighted average number of ordinary shares for basic earnings per share	62,538	62,428
Add effect of dilution:		
- Share options	910	270
Weighted average number of ordinary shares for diluted earnings per share	63,448	62,698

26. Segment note

The Group operates in one business segment being telecommunications. In prior years the business operated materially in one geographical segment, based on the operating business location being Australia and Singapore. With the acquisition of the TNZI business the Group operates globally. For segment reporting purposes the geographical segments have been defined as domestic and international.

The Group has identified its operating segments based on internal management reporting that is used by the executive management team (chief operating decision makers) in assessing the performance and allocating resources.

The accounting policies used by the Group in reporting segment information internally, is the same as those contained in note 2 to the financial statements.

	Domestic		International		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue:	60,955	59,306	24,720	-	85,675	59,306
Segment net operating profit after tax:	9,153	7,339	596	-	9,749	7,339
Reconciliation of segment net profit after tax to net profit before tax						
Income tax expense - current and deferred					2,482	2,223
Head office charges - interest expense					(225)	(41)
Head office charges - employee benefits					(1,741)	(1,339)
Head office charges - miscellaneous					(619)	(181)
Net profit before tax per statement of other comprehensive income					9,646	8,001

My Net Fone Limited

Notes to the consolidated financial statements (continued)

27. Dividends paid and proposed

	Cents per share	\$000	Date of payment
Recognised amounts:			
2014 fully franked final dividend declared and paid	2.50	1,562	11 September 2014
2015 fully franked interim dividend declared and paid	2.50	1,567	12 March 2015
Unrecognised amounts:			
2015 fully franked final dividend declared (i)	3.25	2,170	-

- (i) The final dividend was declared on 25 August 2015. The amount has not been recognised as a liability in the 2015 financial year and will be brought to account in the 2016 financial year. The proposed payment date of the 2015 final dividend is 30 September 2015.

The amount of franking credits available for future reporting periods is \$2,764,834 (2014: \$1,093,611).

The tax rate at which paid dividends have been franked is 30% (2014: 30%). Dividends proposed will be franked at the rate of 30%.

28. Parent entity

Key financial information relating to the parent entity is summarised below:

	2015	2014
	\$000	\$000
Statement of profit or loss and other comprehensive income		
Profit/(loss) attributable to the owners of the company	(3,661)	(662)
Other comprehensive income	(23)	-
Total comprehensive income/(loss) attributable to the owners of the company	(3,684)	(662)
Statement of financial position		
Total current assets	3,781	1,207
Total non-current assets	43,968	15,923
Total current liabilities	(2,698)	(9,055)
Total non-current liabilities	(43,167)	-
Net assets	1,884	8,075
Issued Capital	14,747	14,322
Reserves	1,329	1,157
Retained earnings	(14,192)	(7,404)
Total equity	1,884	8,075

My Net Fone Limited has issued a guarantee to Telstra Corporation Limited. This guarantee covers the primary obligations including any debts of its wholly owned subsidiary Symbio Wholesale Pty Limited. It does not impose any greater liability on My Net Fone Limited than are already in place for Symbio Wholesale Pty Limited.

During the year My Net Fone Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment.

My Net Fone Limited

Notes to the consolidated financial statements (continued)

29. Financial risk management objectives and policies

The Group's principal financial instruments as at year end comprise cash at bank, short term deposits and loan facility.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's interest rate exposure relates to short term cash and long-term loans, both are subject to the floating interest rate. The Group policy is to maintain at least 50% of its long term loan at fixed rates using interest rate swaps whereby the Group agree to exchange at defined periods the net difference between fixed and floating interest rates based on an agreed notional principal amount. This interest rate swap is designated into a hedge relationship and satisfies the requirements for hedge accounting.

Foreign Currency risk

The Group is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the United States Dollar (USD) and the New Zealand Dollar (NZD). Much of the USD exposure is subject to a natural hedge, as the buy and sell side of most transactions are in USD. The Groups policy is to manage its foreign exchange risk against its functional currency is to hedge firm commitments and highly probable and material forecast transactions over varying time horizons using forward exchange contracts.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and interest revenue through the use of current accounts and short term deposits.

Credit risk

The company has no significant exposure to credit risk as the majority of its sales are pre-paid as at year end. However, for credit sales the company only trades with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Moreover, the company considers it is appropriate to provide a provision for doubtful debts for the year ended 30 June 2015.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash	5,870	5,870	6,320	6,320
Weighted average effective interest rate 1.4% (2014: 1.8%)				
Cash at call	417	417	1,124	1,124
Weighted average effective interest rate 3.1% (2014: 3.4%)				
Trade and other receivables	29,705	29,705	5,294	5,294
Other financial assets	323	323	298	298
Weighted average effective interest rate 3.1% (2014: 3.3%)				
Financial liabilities				
<i>On statement of financial position</i>				
Trade payables	29,304	29,304	8,783	8,783
Loans and borrowings	25,290	25,290	-	-
Weighted average effective interest rate 4.57% (2014: Nil %)				

My Net Fone Limited

Notes to the consolidated financial statements (continued)

30. Company details

The registered office and principal place of business of My Net Fone Limited is:
Level 2, 10-14 Waterloo Street, Surry Hills, NSW, 2010, Australia

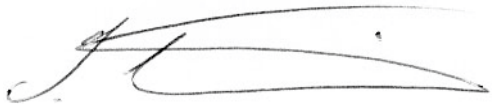
My Net Fone Limited

Directors' Declaration

In accordance with a resolution of the directors of My Net Fone Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 50, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;
2. 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; and
3. the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Board



Terry Cuthbertson
Chairman



Rene Sugo
Director

Sydney, 25 August 2015



MY NET FONE LIMITED ABN 37 118 699 853 and Controlled Entities

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MY NET FONE LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Dated in Sydney this 25th day of August 2015



MY NET FONE LIMITED ABN 37 118 699 853 and Controlled Entities

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MY NET FONE LIMITED and Controlled Entities**

Report on the Financial Report

We have audited the accompanying financial report of My Net Fone Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 2, 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 (IFRS).

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 judgment, 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 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*.

Auditor's Opinion

In our opinion:

- a. the financial report of My Net Fone 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 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2015. 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 My Net Fone Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Sydney

Dated this 25th day of August 2015

ASX

Additional Information

My Net Fone Limited

ASX additional information

Additional information required by ASX Ltd and not shown elsewhere in this report is as follows.

The information is current as at 12 August 2015.

(a) Distribution of equity securities

(i) Ordinary share capital

66,764,269 fully paid ordinary shares are held by 2,728 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

910,000 unlisted options are held by 33 individual option holders.
Options do not carry a right to vote.

The numbers of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares
1 – 1,000	679
1,001 – 5,000	1,089
5,001 – 10,000	461
10,001 – 100,000	466
100,001 and over	33
	2,728

The number of security investors holding less than a marketable parcel of ordinary shares is 78.

(b) Substantial shareholders

Ordinary shareholders	Fully paid	
	Number	Percentage
Mr Andy Fung & Ms Monique Ly	14,448,955	21.64
Avondale Innovations Pty Ltd	12,488,955	18.71

My Net Fone Limited

ASX additional information

(c) Twenty largest holders of quoted equity securities

	Fully paid	
	Number	Percentage
Mr Andy Fung & Ms Monique Ly	14,448,955	21.64
Avondale Innovations Pty Ltd	12,488,955	18.71
National Nominees Limited	4,300,638	6.44
Citicorp Nominees Pty Ltd	3,719,138	5.57
L&C Pty Ltd	2,157,315	3.23
BNP Paribas Noms Pty Ltd	2,089,159	3.13
Kore Management Services Pty Ltd	1,000,000	1.50
RACS SMSF Pty Ltd	1,000,000	1.50
Mr. J. H. Boorne & Mrs J.E. Boorne	860,000	1.29
Boorne Gregg Investments Pty Ltd	860,000	1.29
HSBC Custody Nominees (Australia) Ltd	707,097	1.06
Lee Superfund Management Pty Ltd	669,649	1.00
G & E Properties Pty Ltd	521,522	0.78
Mr Michael John Boorne	350,000	0.52
Brispot Nominees Pty Ltd	332,917	0.50
Earglow Pty Ltd	320,000	0.48
Mr Christopher John Ayres	307,000	0.46
Endan Pty Ltd	288,294	0.43
JP Morgan Nominees Australia Limited	283,103	0.42
Ms Catherine Ly	260,000	0.39
	46,963,742	70.34

(d) On-Market Buy Back

There is currently no on-market buy back.