

FRESHTEL HOLDINGS LTD
ACN 111 460 121

Preliminary Accounts Appendix 4E

FRESHTEL HOLDINGS LIMITED and its Controlled Entities

Reporting Period (year ended)
30 June 2015

Previous Corresponding Period
30 June 2014

Results for announcement to the market

	<u>% change</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
Revenue from ordinary activities	-36	69,472	108,542
Loss from ordinary activities after tax attributable to members	+578	(188,079)	(32,663)
Net loss for the period attributable to members	+578	(188,079)	(32,663)
Basic loss per share (cents per share)	+100	(.017)	(.01)

Dividends	Nil	Nil
No dividends were declared or paid during the year.		

Review of Operations

With the VOIP business being sub-contracted out for the full year the Board and the Company was able to concentrate its efforts on finding a suitable investment project. During the year the Board identified several suitable investment projects particularly in the ISP and IT sectors. Some of these advanced to the due diligence stage and for various reasons discontinued. Currently there are pending negotiations subject to nonexclusive NDA agreements.

The Board has been, and continues to be, energetically active in pursuing opportunities that will add value for shareholders.

The Consolidated Accounts are being audited.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
Continuing operations			
Revenue	3	68,067	107,610
Other revenue	3	1,406	932
Directors fees written back prior years		-	165,680
Professional services expense		(90,105)	(95,200)
Capital investment expense		(36,479)	(44,137)
VOIP Operations cost	3	(68,067)	(107,610)
Occupancy and facilities expense		(31,112)	(24,980)
Listing and registry expense		(31,789)	(34,958)
Other expenses		-	-
Loss before income tax		(188,079)	(32,663)
Income tax benefit		-	-
Net loss for the year		(188,079)	(32,663)
Total comprehensive loss for the year		(188,079)	(32,663)
Earnings per share			
Basic earnings per share (cents)	7	(0.017)	(0.01)
Diluted earnings per share (cents)	7	(0.017)	(0.01)

The accompanying notes form part of these financial statements.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	225,206	402,534
Prepayments	9	9,183	9,259
TOTAL CURRENT ASSETS		234,389	411,793
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		234,389	411,793
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	35,285	24,609
TOTAL CURRENT LIABILITIES		35,285	24,609
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		35,285	24,609
NET ASSETS		199,104	387,183
EQUITY			
Issued capital	12	39,377,824	39,377,824
Accumulated losses		(39,178,720)	(38,990,641)
TOTAL EQUITY		199,104	387,183

The accompanying notes form part of these financial statements.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Issued Capital	Accumulated Losses	Total equity
	\$	\$	\$
At 1 July 2013	38,902,109	(38,957,978)	(55,869)
Loss for the year	-	(32,663)	(32,663)
Total comprehensive loss for the year	-	(32,663)	(32,663)
Transactions with owners in their capacity as owners			
Ordinary shares issued	475,715	-	475,715
Balance at 30 June 2014	39,377,824	(38,990,641)	387,183
At 1 July 2014	39,377,824	(38,990,641)	387,183
Loss for the year	-	(188,079)	(188,079)
Total comprehensive loss for the year	-	(188,079)	(188,079)
Balance at 30 June 2015	39,377,824	(39,178,720)	199,104

The accompanying notes form part of these financial statements.

Freshtel Holdings Limited ABN 92 111 460 121
and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Group	
		2015	2014
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers		68,067	107,610
Payments to suppliers and employees		(246,801)	(308,928)
Interest received		1,406	932
Net cash used in operating activities	14	(177,328)	(200,386)
Cash Flows from Investing Activities			
Net cash used in investing activities		-	-
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		-	475,715
Net cash provided by financing activities		-	475,715
Net (decrease)/increase in cash held		(177,328)	275,329
Cash and cash equivalents at the beginning of the year		402,534	127,205
Cash and cash equivalents at the end of the year	8	225,206	402,534

The accompanying notes form part of these financial statements.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Freshtel Holdings Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on 27 August 2015 by the directors of the company.

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, 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. Going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2015 was \$188,079 (2014: \$32,663).

The directors are of the view it is appropriate to prepare the financial report on a going concern basis due to the following:

- In the previous financial year the company raised funds from share placements resulting in a net cash injection of \$475,715. These capital raisings are intended to provide sufficient funds to continue the search for an investment opportunity while providing ample funds for the running of the existing business for the next full year.
- The company intends to raise capital in July 2016 to ensure funding is in place to cover operating costs for a further year. The company has a successful track record in raising capital from existing shareholders.
- The budgeted business plan, to which the Board is fully committed, demonstrates the Group will be able to pay its debts as and when they fall due.
- The forecast cash surplus, before investment costs, at 30 September 2016 is \$191,134.

c. Principles of Consolidation

When Freshtel Holdings Limited acquired (as the legal parent) the Freshtel Australia Pty Limited Group of companies, the shareholders of Freshtel Australia Pty Limited (the legal subsidiary) obtained 63.1% of the shares in Freshtel Holdings Limited and therefore control of the combined entity. This financial report discloses the consolidated financial statements of the Group, with the above transaction accounted for as a reverse acquisition.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Freshtel Holdings Limited at the end of the reporting period. A controlled entity is any entity over which Freshtel Holdings Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 11 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

d. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

e. Income Tax

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

Current income tax expense charged to 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.

Current and deferred income tax expense (income) 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.

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.

f. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. At balance date there were no plant and equipment Assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Recognition and initial measurement

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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

h. Impairment of Assets

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 amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 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 any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

l. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax (GST).

m. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

n. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. 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 Australian Taxation Office (ATO).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

New and Amended Accounting Policies Adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2014:

- AASB 10: Consolidated Financial Statements;
- AASB 12: Disclosure of Interests in Other Entities; and
- AASB 127: Separate Financial Statements.

There were no changes to the financial statements of the group

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

r. 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 assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

s. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: PARENT INFORMATION

	2015	2014
	\$	\$

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION

ASSETS

Current assets	234,293	410,872
TOTAL ASSETS	<u>234,293</u>	<u>410,872</u>

LIABILITIES

Current liabilities	(34,077)	(22,578)
Non-current liabilities	-	-
TOTAL LIABILITIES	<u>(34,077)</u>	<u>(22,578)</u>

EQUITY

Issued capital	49,686,873	49,686,873
Accumulated Losses	(49,486,658)	(49,298,579)
TOTAL EQUITY	<u>200,215</u>	<u>388,294</u>

STATEMENT OF COMPREHENSIVE INCOME

Total loss for the year	(188,079)	(32,663)
Total comprehensive loss for the year	<u>(188,079)</u>	<u>(32,663)</u>

NOTE 3: REVENUE AND OTHER INCOME

Consolidated Group

	2015	2014
	\$	\$

Revenue:

Provision of VOIP services	68,067	107,610
Interest received	1,406	932
	<u>69,472</u>	<u>108,542</u>

A change in accounting practice in the current year now shows both the revenue and the cost of the VOIP business the operation of which has been leased out.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: INCOME TAX EXPENSE

Income tax recognised in profit or loss	Consolidated Group	
	2015	2014
	\$	\$
Current Tax Expense in respect of year	-	-
Loss from continuing operations	(188,079)	(32,663)
Income tax expense calculated at 30% (2014: 30%)	(56,424)	(9,799)
Tax effects of non-deductibles		
R&D Tax deduction	-	-
Movement of deferred tax assets not recognised	56,424	9,799
Income Tax expense attributable to operating activities	-	-
Unused tax losses for which no deferred tax asset has been recognised at 30%. (2014: 30%)	8,325,131	8,267,545

Gross tax losses carried forward as at 30 June 2015 is \$27,750,436

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2015.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2015	2014
	\$	\$
Payments in cash	60,000	60,000

KMP Shareholdings

The number of ordinary shares in Freshtel Holdings held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
30 June 2015					
Peter Buttery	60,106,077				60,106,077
30 June 2014					
Peter Buttery	60,106,077				60,106,077

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP (including loans), refer to Note 16: Related Party Transactions.

Freshtel Holdings Limited ABN 92 111 460 121
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group	
	2015	2014
	\$	\$
Remuneration of the auditor for: auditing or reviewing the financial statements	30,105	29,800

NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2015	2014
	\$	\$
a.Reconciliation of earnings to loss:		
Loss	(188,079)	(32,663)
Loss used to calculate basic EPS	(188,079)	(32,663)
Loss used in the calculation of dilutive EPS	(188,079)	(32,663)
	No.	No.
b.Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,123,676,186	1,000,308,510
c.Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,123,676,186	1,000,308,510
d.Basic and Diluted loss per share (cents)	(0.017)	(0.01)

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2015	2014
	\$	\$
Cash at bank and on hand	225,206	402,534
	225,206	402,534
	225,206	402,534

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	225,206	402,534
	225,206	402,534
	225,206	402,534

NOTE 9: PREPAYMENTS

D & O Insurance	9,183	9,259
	9,183	9,259

NOTE 10: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2015	2014
		<i>Subsidiaries of Freshtel Holdings Limited :</i>	
<i>Freshtel Australia Pty Ltd</i>	Australia	100	100
<i>Freshtel Pty Ltd</i>	Australia	100	100
<i>Voicedot Networks Pty Ltd</i>	Australia	100	100
<i>Virbiage Pty Ltd</i>	Australia	100	100

Acquisition of Controlled Entities

There were no acquisitions of controlled entities.

Disposal of Controlled Entities

There were no disposals of controlled entities.

	Consolidated Group	
	2015	2014
	\$	\$

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT

Trade & other payables	35,285	24,609
	35,285	24,609
	35,285	24,609

Freshtel Holdings Limited ABN 92 111 460 121
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group	
	2015	2014
	\$	\$
NOTE 12: ISSUED CAPITAL		
1,123,676,186 (2014: 1,123,676,186) fully paid ordinary shares	39,377,824	39,377,824
The company has authorised share capital amounting to 948,109,526 ordinary shares.		
a. Ordinary Shares		
At the beginning of the reporting period:	1,123,676,186	948,109,526
Shares issued during the year		
- 8 July 2014		29,000,000
- 2 May 2015		146,566,660
At the end of the reporting period	1,123,676,186	1,123,676,186

The issued capital of the consolidated entity comprises the value of the share capital of Freshtel Australia Pty Limited prior to the reverse acquisition of Freshtel Holdings Limited, the value of the share capital issued as a result of this reverse acquisition, and the share capital issued by the Group to outside shareholders by Freshtel Holdings Limited after the date of the acquisition, net of the costs associated with capital raising.

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

Capital Management.

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

There are no capital and leasing commitments.

Freshtel Holdings Limited ABN 92 111 460 121

and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group

2015 **2014**
\$ **\$**

NOTE 14: CASH FLOW INFORMATION

**Reconciliation of Cash Flow from Operations with Profit after
Income Tax**

Loss for the year	(188,079)	(32,663)
Non-cash items and changes in assets and liabilities :		
– Non-cash movement in liabilities	-	-
Changes in assets and liabilities :		
– (increase)/decrease in trade and term receivables	-	-
– increase/(decrease) in trade payables and accruals	10,675	(2,480)
– (increase)/decrease in prepayments	76	437
– increase/(decrease) in provisions	-	(165,680)
Cash flow from operations	<u>(177,328)</u>	<u>(200,386)</u>

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

There are no significant events since the end of the reporting period.

NOTE 16: RELATED PARTY TRANSACTIONS

Related Parties

The Group's main related parties are as follows:

ii. *Key management personnel:*

Graham Henderson – Company Secretary and Acting CFO.

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

There were no transactions with related parties.

NOTE 17: FINANCIAL RISK MANAGEMENT

The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group.

Capital Risk Management

Management controls the capital of the Group in order to maintain statement of financial position strength, and provide shareholder with adequate returns and ensure that the Group can fund its operation and continue as a going concern.

Interest Rate Risk

The Board has decided to maintain all financial assets in interest bearing cash accounts. The interest rate for 2015 was approximately 0.5%.

Freshtel Holdings Limited ABN 92 111 460 121
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18: COMPANY DETAILS

The registered office of the company and principal place of business is:

Freshtel Holdings Limited
2980 Frankston Flinders Road
Balnarring, Victoria 3926.