My Net Fone Limited
Annual Report **2015**

Contents

Board of Directors

Mr Terry Cuthbertson
B. Bus., CA
Chairman

A Chartered Accountant, previously partner at KPMG with extensive corporate finance expertise and knowledge. Also a Director and Chairman of S2 Net Ltd, Montec International Ltd, Austpac Resources N.L., Mint Wireless Ltd, South American Iron & Steel Ltd, Malachite Resources Ltd and Isentric Ltd.

MNF Director since March 2006

Mr Andy Fung
B.E. MCom
Non-Executive Director

Extensive experience in telecommunications. Formerly Director of Business Development of Lucent Technologies. Co-Founder of MyNetFone, Symbio Networks Pty Ltd, and Symbio Wholesale Pty Ltd.

MNF Director since March 2006

Mr Rene Sugo
B.Eng. (Hon)
Chief Executive Officer and Director

Extensive experience in telecommunications. Formerly Technical Director of Lucent Technologies. Co-Founder of MyNetFone, Symbio Networks Pty Ltd, and Symbio Wholesale Pty Ltd.

MNF Director since March 2006

Mr Michael Boorne
Electronics Eng. Dip.
Non-Executive Director

A successful entrepreneur with extensive track record in combining technical expertise with commercial and corporate experience. Founder of Sprit Modems and Mitron Pty Ltd and previously a Non Executive Director of Netcomm Ltd.

MNF Director since December 2006

Ms Catherine Ly
B.Bus., CPA
Company Secretary since July 2006

Left to right: Mr Andy Fung, Mr Michael Boorne, Mr Rene Sugo, Mr Terry Cuthbertson

Letter from our Chairman

Fellow Shareholders,

It is again with great satisfaction that I present to you the 2015 full year results for MyNetFone Limited. It has been another successful year for the MyNetFone Group. The company has achieved yet another record financial result for the fifth consecutive year and is tracking at over 60% compound annual growth (CAGR) on EBITDA and almost 50% CAGR on NPAT, an excellent track record that all members can be extremely proud of.

Our consolidated group revenue increased to $85.7 million, up 44% from the previous year. Our EBITDA rose by 35% to $12.2 million, and our NPAT rose by 24% to $7.2 million. The company ended the year with a balance sheet comprising $6.3 million in cash, and our new acquisition facility drawn to $25.3 million, resulting in a net debt of $19.0 million after our acquisition of the global TNZI business.

This year's success is attributed to yet another year of strong growth in the MyNetFone Business and Enterprise segment and the Symbio hosted services segment. Both these segments are based on our unique intellectual property assets and produce a high margin recurring revenue stream – something we continue to focus on into the future. The outlook for the business remains positive with new global potential growth opportunities.

This year's solid performance has allowed the board to declare an annual dividend of 5.75 cents per share fully franked – an increase of 28% over the previous year. The dividend is consistent with our track record of providing consistent returns to shareholders in the order of 50% of NPAT.

Achievements

During the year MyNetFone grew thanks to some incredible achievements and the dedication and effort of our invaluable team. The highlights of our achievements are:

- **Acquisition of TNZI** – The company purchased the global wholesale voice business of Telecom New Zealand International ("TNZI") in April of 2015. TNZI is the dominant international wholesale voice carrier in New Zealand and currently has operations in 6 countries and carries over 2.8 Billion minutes annually. The acquisition of TNZI and its international voice business is a huge transformational leap for the company. The MyNetFone Group is now a significant voice player in the global market and with global opportunities for our high value managed services product suite that has been so successful in the domestic Australian market.

- **Acquisition of iBoss** – The company acquired the intellectual property and platform assets of iBoss in July of 2014. iBoss is a sophisticated software enablement platform that currently services the competitive service provider segment in Australia. This capability is complimentary to the company's existing wholesale-managed services business, and will allow it to garner a greater share of wallet from the 1,200 or so small and emerging competitive service providers in Australia. This will help further cement the company's growth in the Australian wholesale telecommunications market as we move into an NBN era.

- **Acqusition of OpenCA Softswitch Technology** – The company acquired the source code and intellectual property rights of the OpenCA Softswitch in December of 2014. OpenCA provides Soft-switching and intelligent call control functionality for VoIP networks, and is extremely complimentary to the company's software intellectual property ecosystem. This acquisition will allow the company to continue its rapid expansion domestically and globally while maintaining low capital expenditure levels.

- **Organic Growth** – A key contribution to the company's strong financial result was due to strong organic growth. This year has once again seen the company successfully execute its strategy in its two key growth segments – Small to Medium Business, and Wholesale Managed Services. These segments feature strong year-on-year growth, and incremental sales of the company's proprietary software platform.

- **Integration of prior-year acquisitions** – Despite the relentless pace of organic growth and new acquisitions, the company continues to demonstrate the ability to integrate and maintain prior year acquisitions. The company has continued to perform extremely well and stepped up to the challenge of integrating multiple complex networks, business operations and brands during this financial year.

The Future

Our company's future is looking bigger and brighter than ever before. We have established a solid foundation and proven track record in the Australian market. Now combined with the acquisition of one of the global telecommunications industry's most recognised quality brands – TNZI, the MyNetFone Group is poised on the verge of an exciting global growth opportunity.

In addition to developing our own organic growth strategy, the company continues to seek sensible acquisitions that will deliver incremental value to shareholders. Our goal is to find opportunities that allow us to leverage our strong intellectual property assets, incredibly skilled team, and massive synergy potential of our nationally interconnected voice network.

In addition we continue to develop new technology, software and processes that will deliver new products and services into a market ripe with opportunity driven by change. Our strategy remains centered on voice communications technology and applications. We are constantly looking at how to push the boundaries of change in the global market and capture new emerging revenue streams in an Internet enabled world. MyNetFone is truly in a unique position to seize this new market opportunity as it emerges.

On behalf of the board, I would like to thank all of the staff and management team in achieving another great result for our company. The board continues to provide its full support to the team to ensure the company maintains its momentum and growth into the future.

I would also like to thank my fellow members of the Board for their hard work and dedication over the last 12 months. Their insight and vision has truly shaped an innovative and successful organisation that stands out as a rapidly emerging player in the Australian telecommunications market.

Thank you for your continued and loyal support. The company is looking forward to a successful and rewarding year ahead.

Terry Cuthbertson
Chairman

Letter from our CEO

Dear Shareholders,

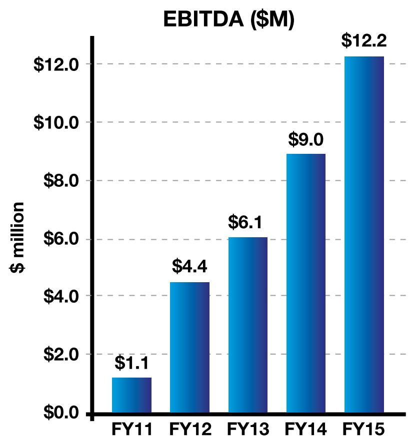
It has been a massive year at MNF Group, following 4 straight years of profitable double-digit EBITDA & NPAT growth. Once again we have delivered record full year results, supported by strong organic and acquisitive growth.

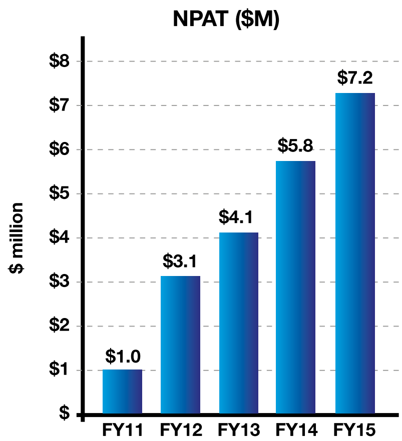
EBITDA has growing 35% to reach $12.2M, which is 9% above the initial FY15 forecast from October 2014. We are very pleased to report the growth has been consistent over the long term, at 62% CAGR over the last 5 years. NPAT has also delivered good growth, rising by 24% to $7.2M. The separation of NPAT from EBITDA is mainly due to interest, depreciation and amortisation of current and previous acquisitions.

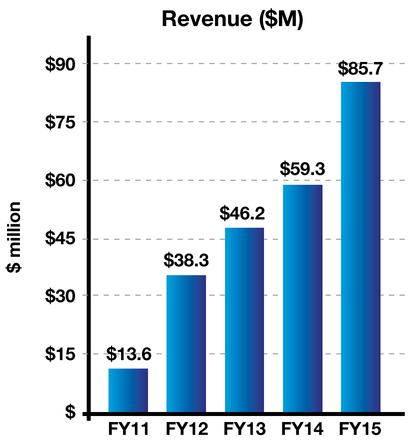
Similarly strong performance is seen across the other key metrics, with revenue up by 44% to $85.7M. The rise here is fuelled by a combination of organic growth accounting for about $2.5M, and one quarter of contribution from recent acquisition TNZI accounting for about $24M.

The current areas fuelling the Group's profit growth are the SME-oriented Virtual PBX hosted phone system and wholesale industry-oriented VoIP Managed Services. We expect this organic growth trend to continue, given the early stages of adoption relative to overall market size and fuelled by the Group's new global presence. Despite the revenue boost, the TNZI acquisition has been largely profit-neutral in this financial year, given its late arrival and associated non-recurring costs.

We at MNF Group are cognisant of the importance of delivering consistent returns to shareholders, and we have always managed the business with this in mind – including cost management, acquisitions and capital raisings. The MNF Group has again delivered good shareholder returns with EPS growth at 43% CAGR over 5 years and DPS growth at 35% CAGR, reaching 11.49c and 5.75c respectively. In addition, this year the board has activated the Dividend Reinvestment Plan (DRP) in response to interest from our shareholders.







Acquisition strategy & execution

The 2015 financial year started on a strong note with the acquisition of iBoss and OpenCA, adding new products and underlying intellectual property to our unique software ecosystem. This has boosted high-margin managed service capabilities of our product suite, complementing those developed by the MNF Group's in-house R&D team.

Near the conclusion of the financial year came the high note - the acquisition of TNZI from Spark New Zealand in April 2015. TNZI is a remarkable addition to the business, giving MNF Group a global presence and a total of 6 billion minutes billed on our combined network. As a Tier 1 global voice network, TNZI brings with it a prestigious global brand in the international voice market, a long list of over 200 tier-one customers, and an experienced and committed team.

The underlying resiliency of the MNF Group business has made itself known during the TNZI acquisition process. Despite the acquisition taking a large amount of Executive and Senior Management time and effort, the business continued to deliver robust performance. This showcases the Group's ability to take on, integrate and generate ROI on new acquisitions while maintaining an equal focus on strong core performance.

Network evolution

Our new pride & joy of course is the Tier 1 TNZI global voice network. This combines undersea cable, terrestrial transmission and satellite backhaul in very high quality, well connected infrastructure spanning four continents. To accommodate future growth, network upgrades to deliver increased capacity in London, Los Angeles, Auckland and Sydney points of presence, and new switching capabilities in Singapore and Hong Kong are being funded through CAPEX investment. Simultaneously, the Group is deploying new technology to deliver our wholesale managed services products into the TNZI global network footprint.

Domestically, the MNF Group already operates the largest VoIP network in Australia. In FY2015, the Group made CAPEX investments in order to achieve OPEX savings and a significant uplift in network capacity and resiliency. We now have potential capacity of 9 billion minutes per annum, which provides plenty of scope to accommodate the TNZI acquisition's potential to generate more international inbound traffic as well as our organic growth.

Looking Ahead

The MNF Group's focus remains on leveraging our own voice technology and applications, rather than reselling other networks. We are also, of course, still looking for and evaluating potential further acquisitions.

Organic growth is expected to remain strong across SME Virtual PBX, retail data and wholesale managed service products. In addition to building up our high-margin managed services capabilities, we have commenced a new SaaS strategy by commercialising our software R&D into a new product vertical. With the acquisition of a global network, the Group now has a strategic path to export its Australian-developed software and intellectual property to the rest of the world, in the form of managed services and SaaS. After disrupting the domestic telecommunications industry, we are now building new business models for voice communications globally.

I would like to thank all the MyNetFone staff and the executive team for all the extraordinary work that went into this very busy and successful year.

All of us at MNF Group are very excited about the huge opportunities ahead, and we hope you are equally excited to be part of the journey with us.

Rene Sugo,
CEO

About the MyNetFone Group

The MyNetFone Group is a telecommunications software and voice service provider, specialising in IP-based voice services.

The Group was founded in Sydney in 2004, and listed on the Australian Stock Exchange in 2006 (ASX: MNF). Now a global business, the Group has grown from strength to strength in just over a decade.

MyNetFone was an early pioneer of IP communications technology in Australia, and has grown in step with this burgeoning market.

Today, the Group encompasses multiple brands - selling its software and voice services to every level of the market. The Group operates a unique ecosystem that integrates a strong R&D pedigree, extensive network infrastructure, and international carriage capability.

Proprietary software

Investing in R&D from the outset, the Group is now leveraging software expertise to export its proprietary Australian technology to the global communications industry.

Innovation

With a long history of software innovation, MyNetFone has consistently delivered pioneer solutions. From the first Australian 'plug and play' VoIP service in 2005, to the patent-pending real-time toll fraud prevention platform TollShield in 2015.

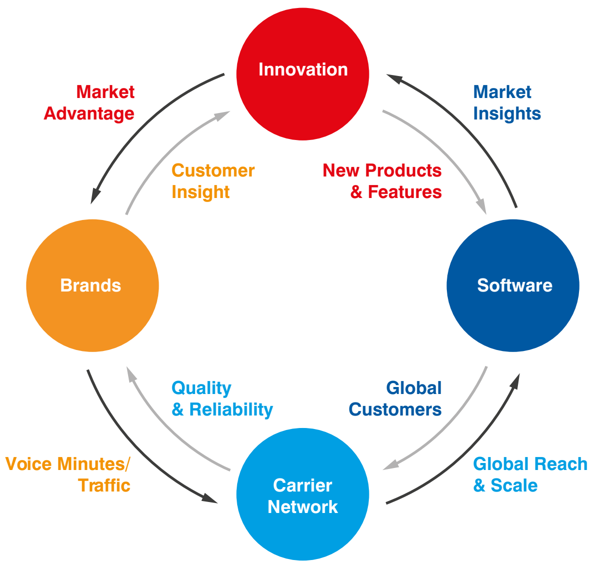
Carrier network

The MyNetFone global voice network currently delivers 5.8 Billion billed voice minutes per annum: estimated at 3% of international voice traffic.

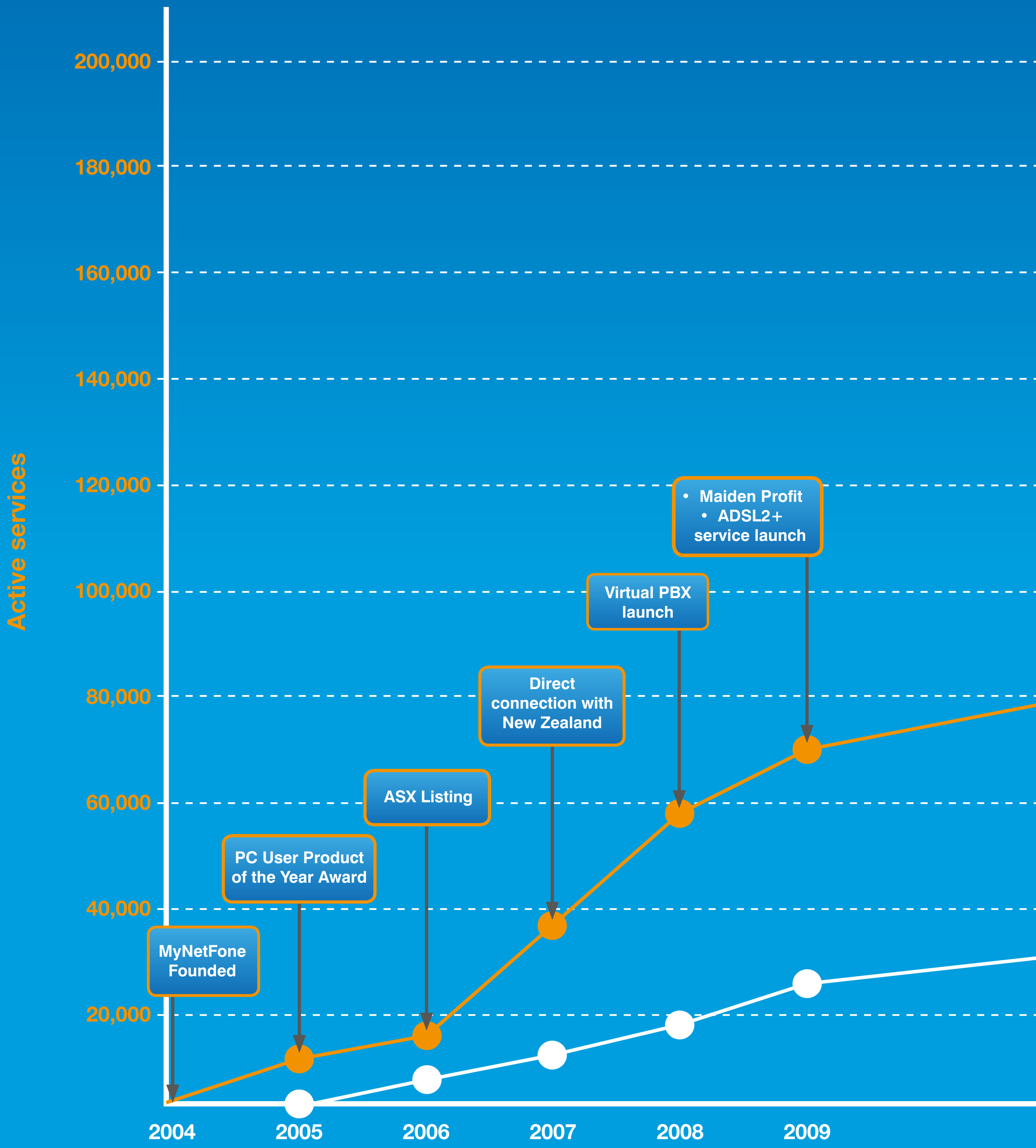
Targeted brands

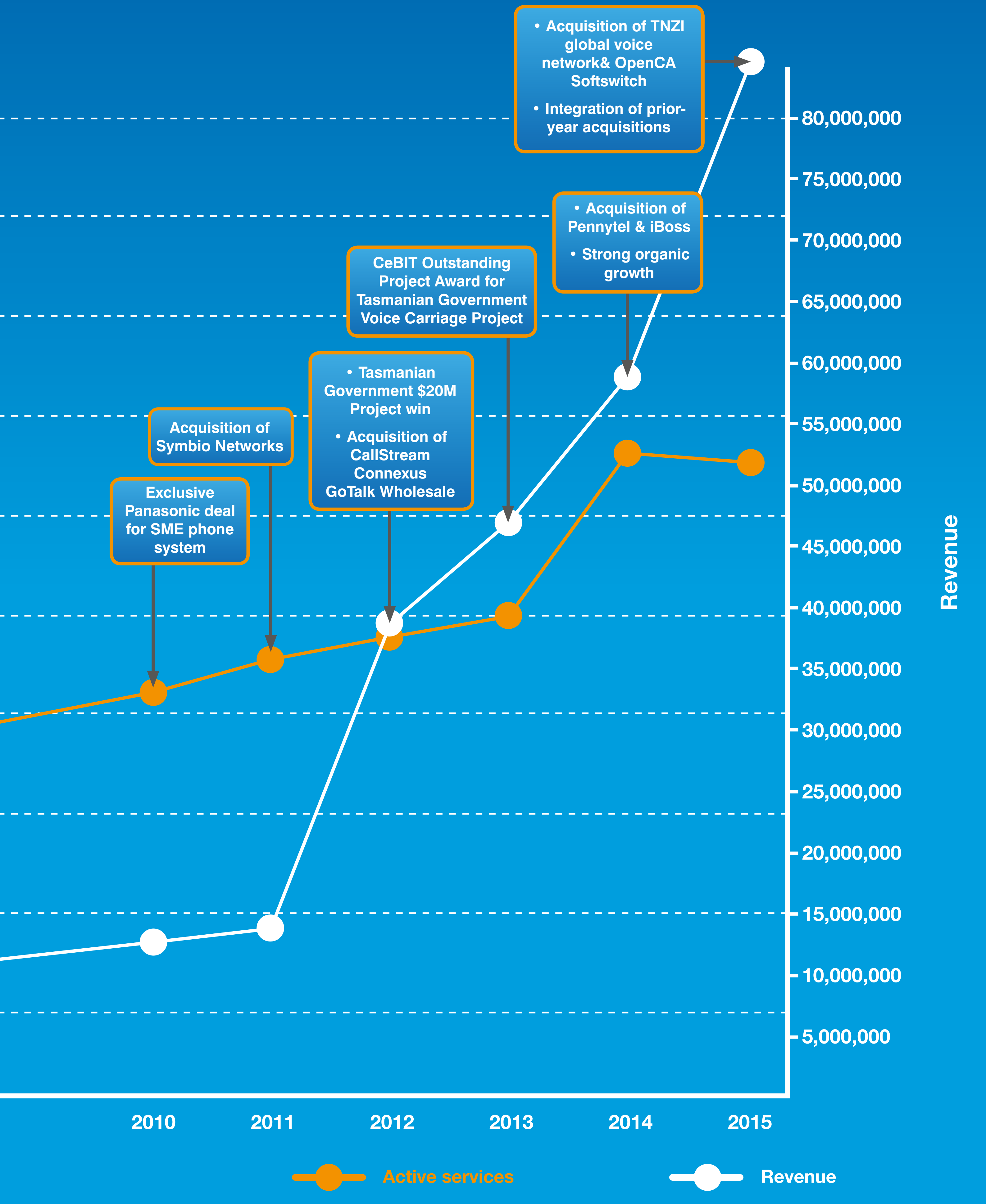
The Group operates multiple niche brands in Australian and global telco markets. Strategically integrated, each brand sells into a unique segment: consumer, corporate and industry.

"As the world moves to IP telecommunications, we're building the brands, network and technology to lead the way"



MyNetFone Group Timeline





• Acquisition of TNZI global voice network& OpenCA Softswitch
• Integration of prior-year acquisitions
• Acquisition of Pennytel & iBoss
• Strong organic growth
CeBIT Outstanding Project Award for Tasmanian Government Voice Carriage Project
• Tasmanian Government $20M Project win
• Acquisition of CallStream Connexus GoTalk Wholesale
Acquisition of Symbio Networks
Exclusive Panasonic deal for SME phone system
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Revenue
2010
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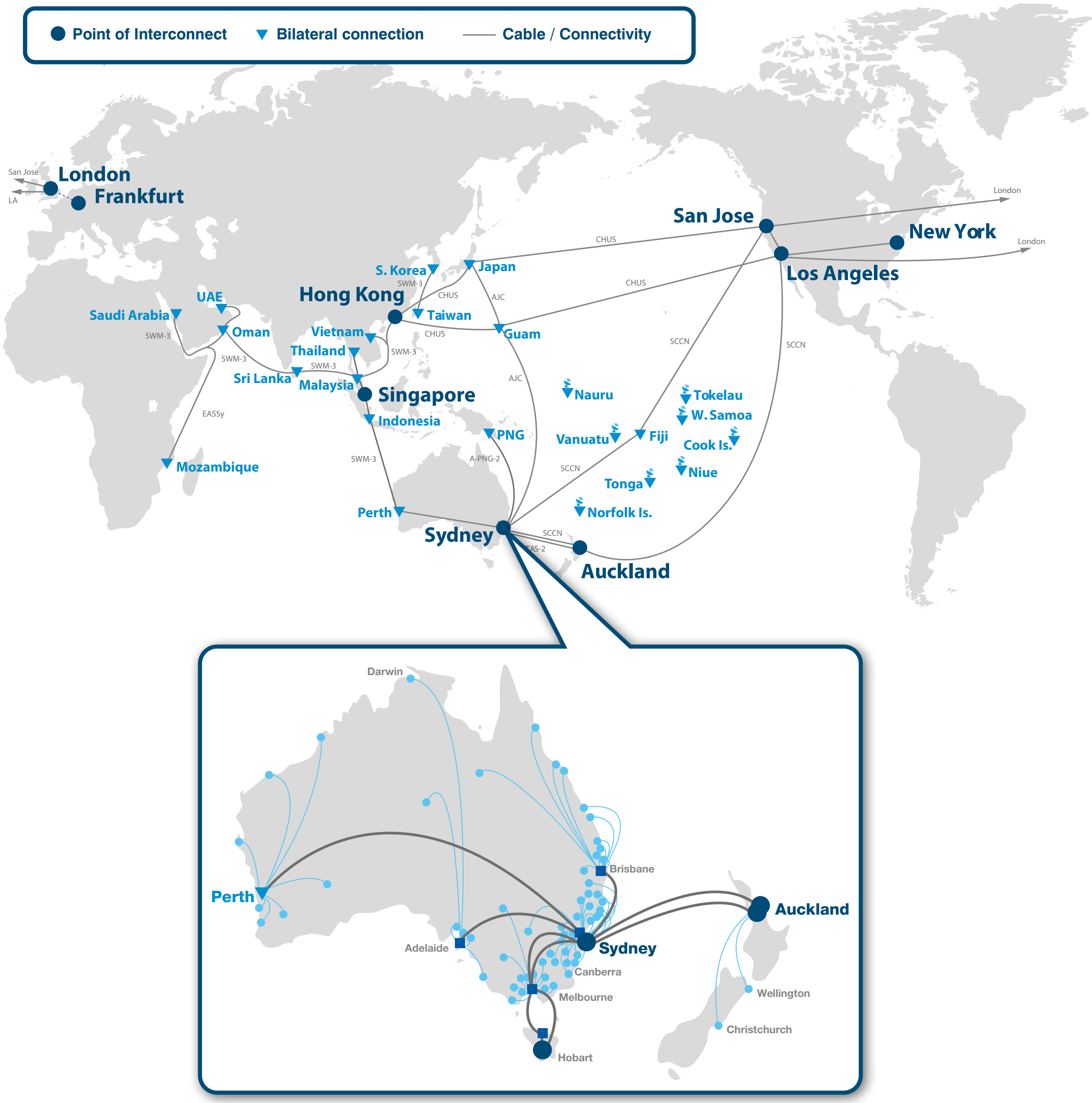
2012
2013
2014
2015
Active services
Revenue

Global Network

The MyNetFone Group operates a global new-generation Tier 1 voice carriage network, with interconnects to over 200 global partner networks and extensive cable and satellite connectivity. The network has Points of Interconnect (POIs) in Los Angeles, New York, Hong Kong, Singapore, London, Frankfurt, Sydney and Auckland.

In total, the Group delivers 5.8 Billion billed voice minutes per annum: estimated at 3% of international voice traffic. This global communications infrastructure is both a platform for voice services and the backbone of future innovation.



Domestically, the MyNetFone Group owns and operates the largest IP voice network in Australia, and has established a robust network presence in New Zealand.

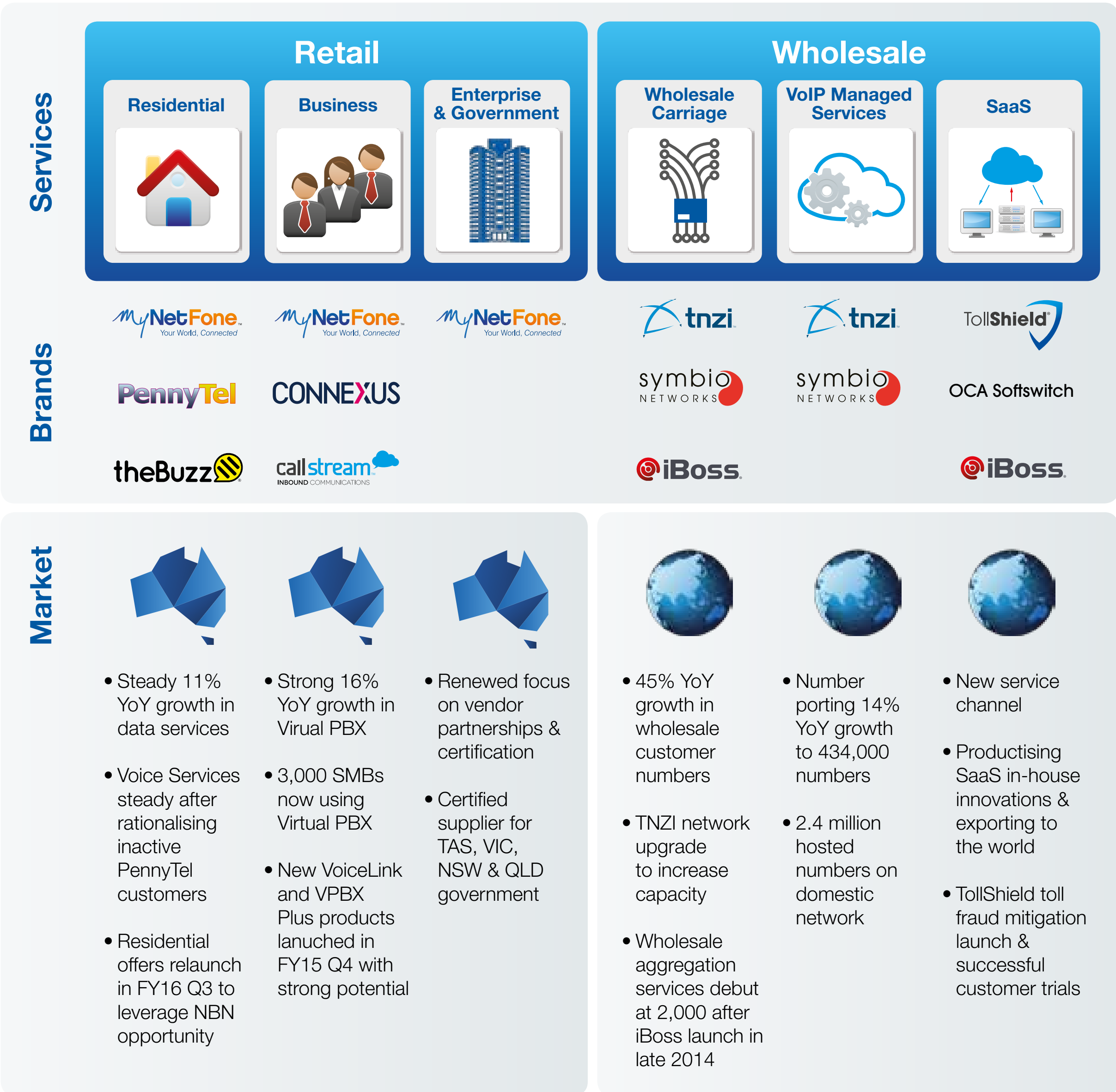
The carrier-grade network includes high speed fibre connectivity between major cities, and modern VoIP nodes in all 65 regional call collection areas. This extensive telecommunications infrastructure provides complete fixed voice coverage across Australia and New Zealand.

Group of Brands

The MNF Group multi-brand strategy spans all voice and data market segments: Residential, Business, Enterprise, Government, Wholesale & Infrastructure enablement.

As the global voice capability specialist, the Group gathers consumer insights from its retail brand operations and develops innovative software solutions to address customer needs in the changing communications landscape.

MNF Group leverages these in-house innovations by productising them in a 'Software as a Service' model for export to the global telecommunications industry through its wholesale domestic and global channels.



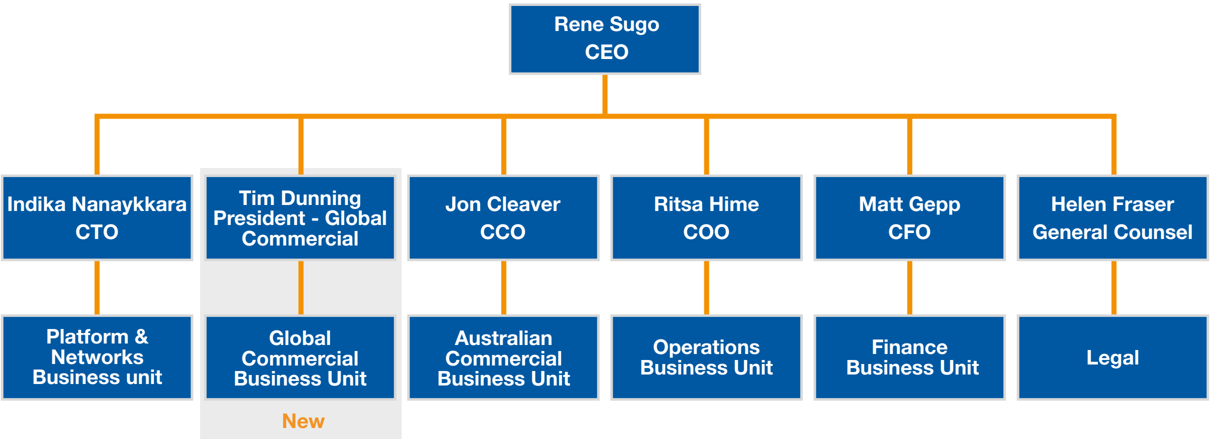
Company Structure

The MyNetFone Group is a global voice services business, headquartered in Sydney.

With the acquisition of Tier 1 global voice network operator TNZI in FY2015, MNF Group has expanded operations internationally to include presence in New Zealand, UK and USA.

International Operations

The Global Commercial Business Unit is a new addition to the MNF Group structure, formed with the specific objective to grow the Group's global service base. With dedicated finance, network, product and sales teams, the Global Commercial Business Unit delivers the structurally independent flexibility to scale for further global expansion, while tapping into the innovation & software capabilities of the parent Group.

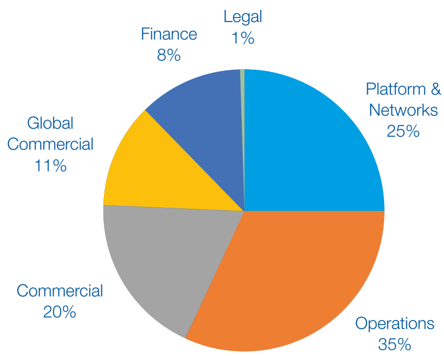


Commitment to Innovation

While expanding internationally, the MNF Group remain committed to in-house Research & Development and bringing disruptive new products to market.

Approximately 25% of the Group headcount in the form of the Platform & Networks Business Unit works in the R&D field including new product development, new features, user experience improvement and core network stability and expansion.

Business Unit Headcount



Business Unit Profiles

Australian Commercial Business Unit - Jon Cleaver, CCO

The mixed team of specialists and industry veterans in the Commercial Business Unit, guided by CCO Jon Cleaver's vision and experience, has proven in FY2015 that MNF can deliver both accelerated organic growth and the agility to absorb the new brands and acquisitions seamlessly.

The acquisition of iBoss has placed MNF in a perfect position to take advantage of the rapidly changing Australian Market. The iBoss wholesale platform was the final piece of the puzzle to provide an 'open access' NBN & Voice aggregation solution.

"We are creating the commercial model that is the way NBN should have been, without the barriers and incumbent inhibitors. This allows small and mid-size service providers to focus on innovation and move Australia into the digital age" according to Mr Cleaver.

The mass adoption of next generation services in Australia is about to shift into gear, led by a combination of new technology, NBN, Over The Top services and the Internet Of Things. With its unique ecosystem of brands, software and network, MyNetFone is in the perfect position to make the most of this opportunity.

Global Commercial Business Unit - Tim Dunning, President

As the international arm of the MyNetFone Group, the Global Commercial Business Unit operates an international 24/7 business providing services to over 220 telecommunications companies across the globe under the recently acquired TNZI brand.

With over 20 years in the industry, TNZI's proprietary systems and highly-experienced staff provide a point of difference in a highly commoditised market, manifesting as excellent commercial relationships and a strong balance sheet.

Membership in a selection of key industry bodies allows TNZI to not only contribute to future-based programmes, but also to identify leading trends upon which to direct our business into the future.

To accommodate the strategic ramp up in growth, the Business Unit's global voice network is undergoing an upgrade with expanded international points of presence and increased capacity.

The Global Commercial Business Unit and its TNZI brand is the spear-head of MyNetFone's international expansion, successfully exporting the Group's Australian and New Zealand innovation and experience to the world.

Operation Business Unit - Ritsa Hime, COO

The Operations Business Unit supports the customer engagement model across all brands in the MNF Group.

The Operations management team, led by COO Ritsa Hime, is currently undertaking a strategic review to optimise the scalability and efficiency of operations to accommodate future ramp up in customer base growth rate.

The team have leveraged the valuable insights from our staff, customer feedback and process reviews to truly understand customers and ensure that the operational framework will continue to empower all teams to perform efficiently and effectively in supporting customer needs. This includes ongoing development of our systems, tools and product suite to deliver a superior touchpoint experience.

"As the MNF Group continues to expand, we as the Operations Business Unit have set ourselves a demanding roadmap of improvement initiatives over the coming year to support the Group's strategic objectives" concludes Ritsa Hime.

Finance Business Unit - Matthew Gepp, CFO

The Group has been transformed over the past year from an Australian-focused business to a true global company, with teams and relationships stretching across the world.

This transformation brings with it all the challenges and rewards that come with doing business in a global environment. To better support the requirements of both domestic and global operations, the Finance Business Unit under the leadership of CFO Matthew Gepp now operates across two locations in Sydney and Wellington.

On the products side, MNF Group's long standing commitment to building a unique software eco-system has benefited from the acquisition of iBoss and OpenCA in FY2015 and the in-house development of the TollShield platform. "This has created additional intellectual property in the business, and will allow us to attract new customers and enter new higher-margin markets" according to Mr Gepp.

Focus is the key to the success of the Finance Business Unit. We will remain focused on continuing to build a strong financial and corporate governance environment, which allows the business to flourish in all the markets where it operates. In doing so, we will continue to deliver a first rate service to our customers and generate sustainable growth for our shareholders.

Platform & Networks - Indika Nanayakkara, CTO

The Platforms and Networks Business Unit builds and operates the infrastructure and software systems which underpin the suite of products and services delivered by the MNF Group.

FY2015 has been a huge year for the Business Unit, with the integration of the OpenCA and TNZI acquisitions, enhancements to the MyNetFone voice and data networks and the launch of the TollShield SaaS Platform.

The MNF Group considers its software assets and capabilities to be a key differentiator, with tremendous opportunities and potential global growth. This will continue to be a strong focus in the upcoming year, with continued development of the software as a service (SaaS) product suites.

The acquisition of TNZI has significantly increased our global market presence. To leverage this, a major expansion program is underway with upgrades of existing, and deployment of new, global POPs.

The Australian domestic market is equally important and there will be ongoing enhancements to the products and services offered, with a focus on the Enterprise market.

It is an exciting time for the MNF Group with opportunities in many areas.

Legal Services Business Unit - Helen Fraser, General Counsel

The Legal Services Business Unit, led by Helen Fraser, supports the company in executing its vision by providing strategic and operational advice and support to the Board and throughout the business.

Key focuses are acquisitions, contract relationships, corporate governance, compliance and protecting the company's intellectual property assets.

"In this fast growth phase for the MNF Group, we look for scalable solutions to meet the business' legal requirements" according to Helen Fraser.

The Legal Service Business Unit works in consultation with multiple stakeholder groups to support the business. By liaising with sales and account teams, Legal Services aims to establish the framework for sound long term customer relationships.

Close coordination with products and marketing teams ensure new products launches and service delivery standards meet regulatory and consumer law compliance.

Most recently, the major effort in the FY2015 reporting period has been to support the TNZI acquisition and create the foundations for a global business.

Case Study

Innovation Spotlight: Real-time toll fraud mitigation

Toll fraud – a challenge for telecommunications

In the IP communications revolution, there are plenty of opportunities – and plenty of risks. 'Toll fraud' is a little-known, but lucrative and fast-growing crime that poses a significant risk for global telcos.
Put simply, it involves hackers illegally gaining access to a phone service and sending lots of calls to international premium rate numbers, controlled by criminal syndicates.

Carried out on a huge scale, millions of illegal minutes can fund organised crime and international terrorism. And these minutes add up. In 2013, fraud was estimated to cost the global telecom industry over $46 Billion (CFCA).

TollShield® - fraud immunity for the MyNetFone network

Like most telco providers, MNF Group has invested in technologies to secure its network. But the nature of any telco is such that it has to allow customers to connect to its network. And every device a customer connects is a possible avenue for toll fraud.

Recognising toll fraud as a growing threat, the MNF Group R&D team put on their thinking hats.

"Our research and development team were tasked with finding an innovative solution to toll fraud. They've done just that. TollShield™ is the first-to-market prevention tool that marks a new era in fraud mitigation – cloud-based, SaaS, real-time and effective," explained Rene Sugo, CEO of MNF Group.

Developed in-house and deployed on the MNF Group's its Australian network, TollShield® identifies potential threats, raises alarms and blocks fraudulent traffic – in real time.

Case study: TollShield® in action

Recently, the MyNetFone retail Operations Team received an alert from TollShield® at 5am. The platform had detected 60 customers calling a premium-rate number in Somalia – simultaneously, and highly unusually. TollShield blocked the calls within minutes, saving customers from a fraud attack. Then, the team started investigating.

The Operations Team soon found a pattern: all the customers owned the same brand of router, running a potentially buggy version of firmware. The post-incident analysis revealed that hackers had found a vulnerability in the firmware, which gave them the capability to take over those routers and potentially carry out toll fraud at a global scale.

Looking at each call detail record individually, no one could have suspected this was fraud. Except TollShield®. Luckily for MNF Group customers, it found and blocked the fraud in real time, hours before anyone would have otherwise noticed the hacker's cold tracks.

Following successful trials on its national voice network, the MNF Group is now productising TollShield SaaS for deployment on any provider's network. Australian innovation – exported to the world.

Case Study

Kangaroo Tech champions iBoss platform

As the rollout of the NBN makes its way across the country, MNF Group has been expanding its wholesale service suite, increasing flexibility and integrating it with even more carriers and third party systems to meet the needs of modern day telcos.

A key part of this strategy has been the acquisition and relaunch of iBoss, an industry-proven aggregation and billing platform designed for the Telco industry. iBoss empowers telcos by enabling them to access and resell services from multiple tier one carriers, and eliminates complexity by condensing multiple carrier relationships, contracts and interconnects into 1 aggregation point.

Aggregation Platform of Choice

One long time iBoss data aggregation customer is Melbourne-based Internet services company Kangaroo Tech. Established in 2000, Kangaroo Tech is based in Melbourne and delivers pioneering IT, e-commerce, internet, voice, mobile and hosting solutions with a focus on customer service. Readying itself for significant growth, Kangaroo Tech is leveraging the iBoss aggregation capabilities to deliver end user data services.

When Kangaroo Tech founder Luke Comande heard the iBoss data aggregation system had been bought and relaunched by the MNF Group – he jumped at the chance to move back onto the system, following a period of trialing other options.

“We have dealt with many carriers in the past and found that this platform is probably one of the best platforms out there on the market today,” Comande explains.

“When I had heard it was revived I thought ‘beautiful’, no one has come close to building a similar system and believe me I have tried a number of systems.”
For the company’s customers using voice and data, the transition has been seamless, Comande says. The bulk of Kangaroo Tech’s business is from doctors, lawyers and solicitors, providing admission critical services so the expectations were very high with no room for error.

Top shelf features & capabilities

Continual improvement combined with over a decade of in-house proprietary IP makes iBoss the industry leader in the wholesale enablement and aggregation market.

Comande believes iBoss is a top shelf system and is very user friendly.

“It works, everything which is required is there. You can cross check addresses, see usage, get your own CDRs, order phone lines and order VoIP. Everything works seamlessly,” says Comande.

The transition back to iBoss for Kangaroo Tech has been “excellent”, Comande says. “The portal is user friendly, easy to navigate.”

Plans for the Future

Looking at broader opportunities in the RSP market, Kangaroo Tech will be launching new bundled plans, supplying maintenance agreements and voice services, data and hardware on a two-year short-term finance lease, and up to a 5-year lease on equipment.

iBoss meanwhile is focusing on making the transition to NBN and IP voice communications easy for Australia’s smaller telecommunications providers.

The iBoss platform now aggregates all 121 POIs on NBN into one connection, making the resale of the new broadband network services accessible for smaller providers. This data capability is combined with market-leading SIP trunking services, allowing providers to deliver a full future-proof communications solution of data & voice.

Revolutionary Business Telephony Pricing Model

MyNetFone has a proven track record of disrupting the Australian telecoms industry by introducing innovative services: plug & play VoIP, Virtual PBX and a Number Porting Tool.

Now, it unleased the latest challenge to traditional services in the form of VoiceLink, a revolutionary business phone plan that delivers unlimited lines for a flat fee of $49 per month. This turns the traditional market pricing model for business phone line rental on its head.

VoiceLink is the first significant departure from the traditional ‘line-centered’ telephony model. A replacement for ISDN and multiple landlines, VoiceLink connects a business’ existing PBX via SIP trunking instead of traditional lines - making it much more scalable and cost effective. The cost savings for a business can be significant.

It’s the smarter, leaner and more effective way to run a telephone system within a business.

Flexible Capacity at Fixed Low Price

The VoiceLink service is ideally suited to businesses and enterprises that receive a high volume of inbound calls, and for seasonal or promotional business whose incoming call volume fluctuates. It provides flexible line capacity to meet changing demand without any extra line charges. The business just pays for any outgoing calls they make, phone number ranges, and a data tail with sufficient bandwidth to carry the VoiceLink SIP Trunking call traffic.

When switching to VoiceLink, businesses can retain existing phone numbers, handsets and staff extensions. The added benefit is unprecedented scalability at a significantly reduced and predictable monthly cost.

> *“VoiceLink combines the freedom to scale with the certainty of a low monthly fee.*
>
> *Imagine replacing an ISDN 30 costing over $1,000 per month, with a $49 VoiceLink. Now imagine the cost savings of replacing five ISDN 30s with just one VoiceLink!”*
>
> *- Rene Sugo, MyNetFone CEO*

Phones are still #1 for Customer Service

Despite the dominant use of email in business communications, phones remain a critical channel for customer service in Australia. Forrester Research report 73 percent of customers have used the phone as a customer service channel. Phones are the most popular form of customer assistance with 61 percent of consumers preferring the phone, compared to email (60 percent), live chat (57 percent), online knowledge base (51 percent), and ‘click-to-call’ support automation (34 percent), according to a LivePerson report .

While phones and phone lines are still a core part of business, traditional pricing models are not. In the Internet age, MyNetFone proves there is no need to be tied to old paradigms dictated by traditional telcos – who continue to cash in on their traditional networks.

Annual Financial Report

2015

My Net Fone Limited

ABN: 37 118 699 853

Directors' Report

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, Isentric 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.

Directors' Report for the year ended 30 June 2015 (continued)

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.

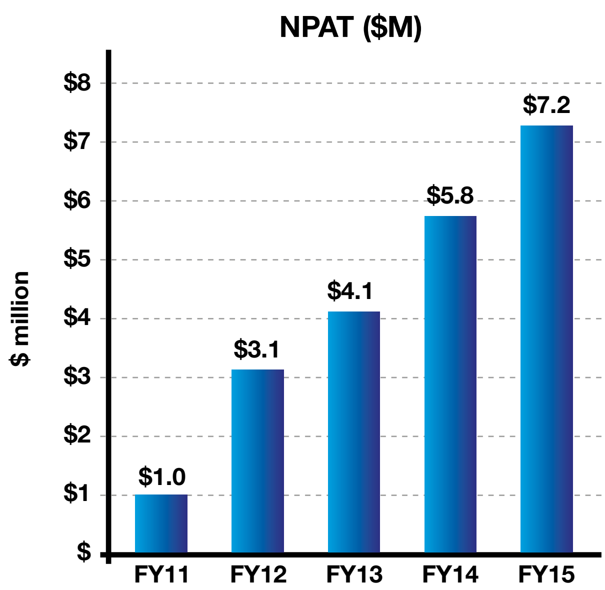
In the financial year the MyNetFone Group derived revenue from the sale of the above mentioned communications services. These fees consist of recurring charges for access to facilities and capabilities, as well as consumption charges for variable usage of those facilities. There was also revenue derived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

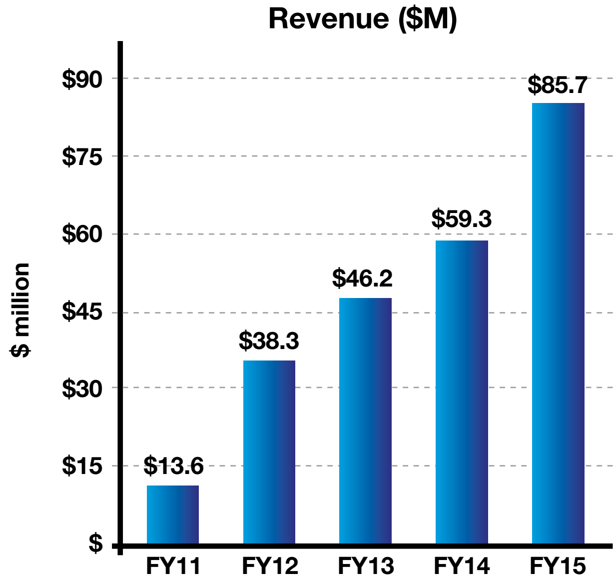


Review of operations

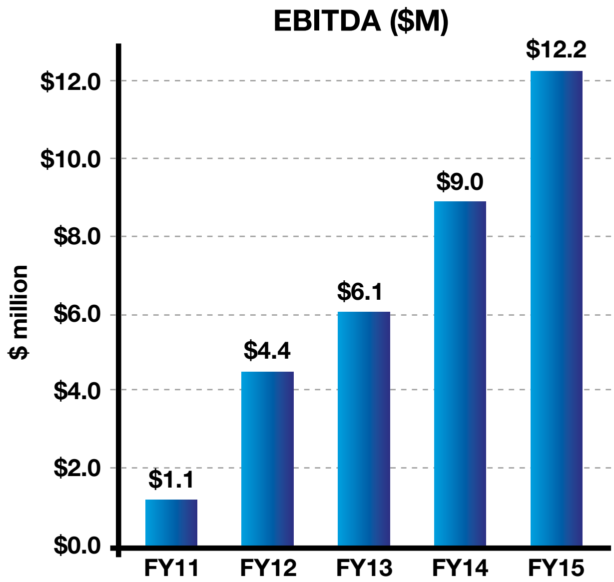
A review of the operations of the entity during the financial year and the results of those operations are as follows:

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).

Directors' Report for the year ended 30 June 2015 (continued)

	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.

Directors' Report for the year ended 30 June 2015 (continued)

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 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 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.

Directors' Report for the year ended 30 June 2015 (continued)

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

Share 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 options
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

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	
Mr. Terry Cuthbertson	Chairman
Mr. Michael Boorne	Director
Mr. Andy Fung	Director
Executive director	
Rene Sugo	Chief Executive Officer
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 finanical 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.

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

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 payment	Total
		Cash salary & fees $	STI/Bonus $	Superannuation $	Options $	$
Non-executive 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 KMPs:						
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

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;

Remuneration Report (continued)

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.

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.

Directors' Report for the year ended 30 June 2015 (continued)

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 67 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.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June	Notes	Consolidated group 2015 $000	Consolidated group 2014 $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

Consolidated Statement of Financial Position

As at:	Notes	Consolidated group 30 June 2015 $000	Consolidated group 30 June 2014 $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

Consolidated Statement of Cash Flows

For the year ended 30 June	Notes	Consolidated group 2015 $000	Consolidated group 2014 $000
Cash flows from operating activities			
Receipts from customers		81,694	65,282
Payments to suppliers and employees		(69,010)	(55,269)
Interest received		88	97
Interest paid		(225)	(41)
Income tax paid		(3,001)	(1,462)
Net cash from operating activities	5b	**9,546**	**8,607**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,811)	(898)
(Increase)/decrease in other financial assets		(25)	128
Business acquisitions		(24,128)	(320)
Payment in advance for business acquisition		(4,420)	-
Software development costs		(817)	-
Payment of deferred consideration for subsidiary acquired		-	(2,350)
Net cash (used in) investing activities		**(33,201)**	**(3,440)**
Cash flows from financing activities			
Proceeds from exercise of share options		425	136
Dividends paid		(3,129)	(2,497)
Proceeds from borrowing		26,790	-
Repayment of borrowings		(1,588)	(175)
Net Cash from (used in) financing activities		**22,498**	**(2,536)**
Net (decrease)/increase in cash and cash equivalents		(1,157)	2,631
Cash and cash equivalents at 1 July		7,444	4,813
Cash and cash equivalents at 30 June	5a	**6,287**	**7,444**

The accompanying notes form part of these consolidated financial statements

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	Translation 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

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.

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).

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

Notes to the Consolidated Financial Statement (continued)

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.

(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 accunting 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 recongition

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 shortterm 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.

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.

Notes to the Consolidated Financial Statement (continued)

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.

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.

Notes to the Consolidated Financial Statement (continued)

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
Funiture & 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

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.

Notes to the Consolidated Financial Statement (continued)

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.

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 straightline 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.

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;
(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.

Notes to the Consolidated Financial Statement (continued)

3. Revenue and expenses

For the year ended 30 June	2015 $000	2014 $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
Shared 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**

Notes to the Consolidated Financial Statement (continued)

For the year ended 30 June	2015 $000	2014 $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 accunt 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.

Notes to the Consolidated Financial Statement (continued)

For the year ended 30 June	2015 $000	2014 $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.

Notes to the Consolidated Financial Statement (continued)

8. Property, plant and equipment

Consolidated	Office furniture & equipment $000	Leasehold improvements $000	Network infrastructure & equipment $000	Total $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 rate	(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).

Notes to the Consolidated Financial Statement (continued)

For the year ended 30 June	2015 $000	2014 $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

	2015 $000	2014 $000
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

	2015 $000	2014 $000
Pre-paid calling credits	**1,843**	**1,725**

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.

Notes to the Consolidated Financial Statement (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.

For the year ended 30 June	2015	2014
	$000	$000

14. Finance lease liability

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.

13. Issued capital

a. Ordinary shares

Issued capital	**9,932**	**9,507**

Movements in ordinary shares on issue:	2015		2014	
	Number of shares	$000	Number of shares	$000
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.

Notes to the Consolidated Financial Statement (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 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
Option 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 the 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 at 1 July	-	-	-	-
Granted during the year	450,000	3.00	-	-
Exercised during the year	-	-	-	-
Outstanding as at 30 June	**450,000**	**3.00**	**-**	**-**

Notes to the Consolidated Financial Statement (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 fiinancial 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 leases with maturity dates of August 2015. The finance lease liabilities are secured against the assets to which they relate.

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.

Notes to the Consolidated Financial Statement (continued)

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.

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.

Notes to the Consolidated Financial Statement (continued)

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

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 Limted	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

Notes to the Consolidated Financial Statement (continued)

22. Goodwill and other intangible assets

Consolidated	Goodwill	Brands	Customer contracts	Software development cost	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
Acquistion 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.

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:

	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)

Notes to the Consolidated Financial Statement (continued)

(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.

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**

Notes to the Consolidated Financial Statement (continued)

b. OpenCA

On 8 December 2014 My Net Fone Limited purchased the software development business, sourcecode 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**

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:

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**

Notes to the Consolidated Financial Statement (continued)

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.

	$'000
Consideration paid in advance:	
For US TNZI voice business	**4,420**

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.

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	Number
	'000	'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.

Notes to the Consolidated Financial Statement (continued)

	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**

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%.

Notes to the Consolidated Financial Statement (continued)

27. Parent entity

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

	2015 $000	2014 $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.

29. Financial risk management objectives and plicies

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.

Notes to the Consolidated Financial Statement (continued)

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				
On statement of financial position				
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 %)				

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

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 35 to 65, 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

MNSA

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.

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Sydney NSW 2000
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Email admin@mnsa.com.au

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 29 to 32 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

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ASX Additional Information

ASX Additional Information

Additional information required by the 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

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

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.

Corporate Information

Directors
Terry Cuthbertson (Chairman)
Michael Boorne
Andy Fung
Rene Sugo (CEO)

Company Secretary
Catherine Ly

Chief Financial Officer
Matthew Gepp

Registered Office
Level 2, 10-14 Waterloo Street
Surry Hills NSW 2010
Australia

Principal Place of Business
Level 2, 10-14 Waterloo Street
Surry Hills NSW 2010
Australia
Phone: 61 2 8008 8000

Share Register
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia
Phone: 61 2 8280 7100

This annual report covers both My Net Fone Limited as an individual entity and the consolidated group comprising My Net Fone Limited and its subsidiaries.

The Group's functional and presentation currency is AUD (s).

The company is listed on the Australian Securities Exchange under the code MNF.

The Annual General Meeting of My Net Fone Limited will be held at The Auditorium, NSW Teachers Federation, 23-33 Mary Street, Surry Hills NSW 2010 at 10:30 on 27 October 2015.

Bankers
Westpac Banking Corporation
Westpac Place
Sydney NSW 2000
Australia

Auditors
MNSA Pty Ltd
Chartered Accountants
Level 2, 333 George Street
Sydney NSW 2000
Australia

Annual Report
Copies of the 2015 Annual Report with the Financial Statements can be downloaded from:
www.mnfgroup.limited/investors/annual-reports

MyNetFone™
Group

My Net Fone Limited Annual Report 2015