

**Freshtel Holdings Limited ABN 92 111460 121
and Controlled Entities
Interim Financial Report**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information	Half-year Ended 31 December 2015	Half-year Ended 31 December 2014	% Change
Revenue from ordinary activities	27,200	38,247	(29.1%)
Profit(Loss) after tax from ordinary activities attributable to members	(86,566)	(96,646)	10.3%
Profit(Loss) attributable to members	(86,566)	(96,646)	10.3%

DIVIDENDS PAID AND PROPOSED

No dividends were paid or declared during the half year.

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the "Review of Operations" included within the Directors' Report.

NET TANGIBLE ASSETS PER SHARE

	Half-year Ended 31 December 2015 \$/Share	Half-year Ended 31 December 2014 \$/Share
Net tangible assets per share	0.00010	0.00026

DIVIDEND DETAILS

	Half-year Ended 31 December 2015	Half-year Ended 31 December 2014
Ordinary share capital:	39,377,824	39,365,457
Final dividend paid	-	-
Interim dividend payable	-	-

DIVIDEND REINVESTMENT PLANS

The Group does not have any dividend reinvestment plans in operation.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

There were no investments in associates and joint ventures.

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2015.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Peter Buttery (Chairman)

Dr Ken Carr

Mr Matt Ranawake

Review of Operations

Ongoing Voice Over Internet Protocol (VOIP) Operations

The operation of the VOIP business was leased to Virtual Accounting Solutions Pty Ltd in December 2010 and this company has continued to operate the business through to December 2015.

Investigation of investment opportunities

The company continues to actively search for new investment opportunities.

Operating Results

The company recorded revenue from continuing operations of \$27,098 for the half year compared with \$38,247 for the corresponding period.

The Group incurred an after tax loss attributed to members of \$86,566 compared to a loss of \$96,646 for the corresponding period. As of December 31 2015, Freshtel Holdings Limited had cash balances of \$143,874.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2015.

This report is signed on behalf of the directors.



Peter Buttery

Dated 23rd February 2016

FRESHTEL HOLDINGS LIMITED
ABN 92 111 460 121

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FRESHTEL HOLDINGS LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
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I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there have been no contraventions of:

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



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



Drew Townsend
Partner

Date: 23 February 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated Group	
		Half Year ended	
		31/12/2015	31/12/2014
		\$	\$
Revenue		27,098	37,183
Interest and other income		102	1,064
Professional fees – audit		(9,672)	(9,580)
Professional fees – others		(44,195)	(30,000)
Occupancy and facilities expense		(14,656)	(11,186)
VOIP operating expense		(27,098)	(37,183)
Sub-contract and other expenses		(18,145)	(46,944)
Profit(Loss) before income tax		<u>(86,566)</u>	<u>(96,646)</u>
Income tax benefit		-	-
Profit(Loss) for the period		<u>(86,566)</u>	<u>(96,646)</u>
Other comprehensive income		-	-
Total comprehensive profit(loss) for the period		<u><u>(86,566)</u></u>	<u><u>(96,646)</u></u>
Loss per share			
- basic profit(loss) per share (cents)		(0.01)	(0.01)
- diluted profit(loss) per share (cents)		(0.01)	(0.01)

The accompanying notes form part of these financial statements.

**Freshtel Holdings Limited ABN 92 111460 121
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Consolidated Group	
	As at	
	31/12/2015	30/06/2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	143,874	225,206
Prepayments	25,841	9,183
TOTAL CURRENT ASSETS	169,715	234,389
TOTAL ASSETS	169,715	234,389
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	57,177	35,285
TOTAL CURRENT LIABILITIES	57,177	35,285
TOTAL LIABILITIES	57,177	35,285
NET ASSETS	112,538	199,104
EQUITY		
Issued capital	39,377,824	39,377,824
Accumulated losses	(39,265,286)	(39,178,720)
TOTAL EQUITY	112,538	199,104

The accompanying notes form part of these financial statements.

**Freshtel Holdings Limited ABN 92 111460 121
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

Consolidated Group	Issued Capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2014	39,365,457	(38,978,274)	387,183
Profit for the half year	-	(96,646)	(96,646)
Total comprehensive profit for the half year	-	(96,646)	(96,646)
Balance at 31 December 2014	39,365,457	(39,074,920)	290,537
Balance at 1 July 2015	39,377,824	(39,178,720)	199,105
Loss for the half year	-	(86,566)	(86,566)
Total comprehensive loss for the half year	-	(86,566)	(86,566)
Balance at 31 December 2015	39,377,824	(39,265,286)	112,538

The accompanying notes form part of these financial statements.

**Freshtel Holdings Limited ABN 92 111460 121
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

	Consolidated Group	
	31/12/2015	31/12/2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	27,098	37,183
Payments to suppliers and employees	(108,532)	(145,123)
Interest and other income received	102	1,064
Net cash used in operating activities	(81,332)	(106,876)
Net (decrease)increase in cash held	(81,332)	(106,876)
Cash and cash equivalents at beginning of period	225,206	402,533
Cash and cash equivalents at end of period	143,874	295,657

The accompanying notes form part of these financial statements.

**Freshtel Holdings Limited ABN 92 111460 121
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements Freshtel Holdings Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 23 February 2016.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statement, subject to the following changes:

c. Fair Value measurements and disclosures

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Freshtel Holdings Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 9.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**Freshtel Holdings Limited ABN 92 111460 121
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 2: GOING CONCERN BASIS

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

The net loss after income tax for the consolidated entity for the half year ended 31 December 2015 was \$86,566 (2014: loss of 96,646). The loss was made on normal operations.

The Directors believe that it is appropriate to prepare the financial report on a going concern basis because:

- (i) the Group plans to raise \$150,000 in working capital by July 2016 to ensure there is adequate cash available for the next twelve months from the date of this report.
- (ii) the Group had \$143,874 cash on hand at 31 December 2015

NOTE 3: DIVIDENDS

No dividends have been proposed or declared for the period.

NOTE 4: BUSINESS COMBINATIONS

No acquisitions or disposals were made in the period.

NOTE 5: OPERATING SEGMENTS

The consolidated entity has identified its operating segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity has been dormant during the period. Prior to that, the primary business segment and the primary geographic segment within which the consolidated entity operated was a telecom VOIP business in Australia.

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 7: EVENTS AFTER THE END OF THE INTERIM PERIOD

There have been no significant events since the period end.

NOTE 8: INTEREST IN SUBSIDIARIES

Subsidiary entities :

Freshtel Australia Pty. Ltd. (ACN 094 928 248)

Freshtel Pty. Ltd. (ACN 101 908 472)

Voicedot Networks Pty Ltd (ACN 111 334 108)

Virbiage Pty. Ltd. (ACN 112 682 774)

The group has no subsidiaries with non-controlling interests that are material to the group.

**Freshtel Holdings Limited ABN 92 111460 121
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Freshtel Holdings Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 9 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
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.



Peter BATTERY

Director

23rd February 2016

**FRESHTEL HOLDINGS LIMITED
ABN 92 111 460 121****INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
FRESHTEL HOLDINGS LIMITED****SYDNEY**Level 40
2 Park Street
Sydney NSW 2000
AustraliaGPO Box 3555
Sydney NSW 2001Ph: (612) 9263 2600
Fx: (612) 9263 2800**Report on the Interim Financial Report**

We have reviewed the accompanying interim financial report of Freshtel Holdings Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Freshtel Holdings Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Freshtel Holdings Limited's financial position as at 31 December 2014 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Freshtel Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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FRESHTEL HOLDINGS LIMITED
ABN 92 111 460 121

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
FRESHTEL HOLDINGS LIMITED**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Freshtel Holdings Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of Freshtel Holdings Limited's financial position as at 31 December 2015 and of its performance for the period ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of \$86,566 during the year ended 31 December 2015 and has negative cash flow from operating activities of \$81,332. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



HALL CHADWICK
Level 40, 2 Park Street
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Drew Townsend
Partner

Dated: 23 February 2016