

**MNF Group Limited | ABN 37 118 699 853**  
**Appendix 4D (ASX Listing rule 4.2A 3)**  
**Half year report for the period ended 31 December 2016**

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**Results for announcement to the market**

Current reporting period:	1 July 2016 to 31 December 2016
Previous corresponding reporting period:	1 July 2015 to 31 December 2015

	<b>% Change</b>		<b>\$'000</b>
Revenue from ordinary activities	8.9%	to	91,410
Profit after tax from ordinary activities attributable to members	21.4%	to	4,861
Net profit for the period attributable to members	21.4%	to	4,861

<b>Dividend information:</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
2016 interim dividend (paid 30 March 2016)	3.50 cents	3.50 cents
2016 final dividend (paid 29 September 2016)	3.50 cents	3.50 cents
2017 interim dividend	3.75 cents	3.75 cents

**Interim dividend dates:**

Record date	2 March 2017
Payment date	30 March 2017

A Dividend Reinvestment Plan (DRP) is in place for this dividend. The last date for the receipt of an election notice for participation in the DRP is 3 March 2017.

	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
<b>Net tangible assets per security</b>	19.04 cents	3.68 cents

This information should be read in conjunction with the 2016 Annual Financial Report of MNF Group Limited and any public disclosures made by MNF Group Limited in accordance with the continuous disclosure requirements of the Listing Rules and the Corporations Act 2001.

Additional Information supporting the Appendix 4D disclosure requirements can be found in the Director's Report and the consolidated financial statements for the half-year ended 31 December 2016 lodged with this document.

This Appendix 4D and accompanying consolidated financial report for the half-year ended 31 December 2016 have been independently reviewed and are not subject to any disputes or qualifications. The Independent Auditors Review Report is included in the attached consolidated financial statements.



**MNF Group Limited | ABN 37 118 699 853**

**Financial report for the half-year ended 31 December 2016**

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This report is to be read in conjunction with the 30 June 2016 Annual Financial Report

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## Directors' report

The Directors are pleased to present their report on the consolidated entity of MNF Group Limited for the half-year ended 31 December 2016.

The Directors of MNF Group Limited in office during the half-year and at the date of this report were:

Directors		Period of directorship
Terry Cuthbertson	Non-executive Director & Chairman	Director since March 2006
Michael Boorne	Non-executive Director	Director since December 2006
Andy Fung	Non-executive Director	Director since March 2006
Rene Sugo	Executive Director & CEO	Director since March 2006

## Company Secretary

Catherine Ly	Appointed July 2006
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## Review and results of operations

Consolidated group earnings before interest, tax, depreciation and amortisation (EBITDA) for the 6 months to 31 December 2016 was \$10.0M (excluding acquisition costs of \$0.2m) and net profit after tax (NPAT) was \$4.9M. This represents an increase of 22% and 21% respectively over the previous corresponding period. The Growth in H1 is exclusively attributable to organic growth across all the three of the core segments.

The following table summarises key financial metrics for the period:

	Half-year ended 31 December 2016	Half-year ended 31 December 2015	% Change
Revenue	\$91.4m	\$84.0m	+9%
Gross profit	\$26.7m	\$22.4m	+19%
EBITDA <sup>^</sup>	\$10.0m	\$8.2m	+22%
NPAT	\$4.9m	\$4.0m	+21%
EPS	7.17 cents	6.01 cents	+19%
Interim dividend	3.75 cents	3.50 cents	+7%

<sup>^</sup> excludes costs associated with acquisitions

The following table summarises the net debt position of the group:

	31 December 2016	30 June 2016
Cash	\$54.7m	\$52.9m
Debt	\$12.4m	\$13.7m
<b>Net debt/(cash)</b>	<b>(\$42.3m)</b>	<b>(\$39.2m)</b>
Facility limit	\$27.0m	\$27.0m

Gross Debt has decreased by \$1.3m in line with compulsory repayments. With a facility limit of \$27.0m the business has ready access to \$14.6m of debt funding to call on at short notice as we continue our search for suitable acquisition opportunities.

***Directors' report (continued)***

**Dividends**

The Directors have resolved to pay a fully franked interim dividend of 3.75 cents per share for the period ending 31 December 2016. The record date for the interim dividend is 2 March 2017, with payment to be made on 30 March 2017.

**Business Review and Outlook**

The first half result is in line with management's expectations for the period, it should be noted that the company historically delivers a stronger second half result and this trend is expected to continue in the current year. The Board believes that the business is on track to achieve the previously stated organic forecast EBITDA of \$22.3m and NPAT of \$11.0m for the full year ending June 2017.

***Domestic Retail Segment***

The directors are particularly pleased with the results coming out of the Domestic retail segment. Following 2016 where this segment saw total revenue and margin steady year on year, the first half of 2017 has seen revenue growth of 3% and margin growth of 12% on the prior corresponding period. This growth is driven by continued success in the SMB and Enterprise & Government sub-segments, where growth is now outpacing the decline in the residential sub-segment.

With the appointment of MyNetFone Australia to the Voice Services Panel for the Victorian Government Telecommunications Purchasing and Management Strategy 2025 (TPAMS2025) during the period, MNF expects further opportunities for growth to arise in the coming years to further bolster growth in this segment.

***Domestic Wholesale Segment***

Following a stellar 2016 where the Domestic Wholesale Segment delivered 49% margin growth on the previous year, the first half of 2017 has seen this segment grow 58% on the prior corresponding period. This result is due to the monotonic increase in recurring revenue subscriptions in the high margin hosted services products. The company expects momentum in this segment to continue for the foreseeable future.

In December 2016 the company announced that it had launched a Mobile Virtual Network Operator (MVNO) on the Telstra Wholesale network. MNF Group can now expand its service suite to include 4G and 3G mobile services across its Domestic Retail and Domestic Wholesale Segments to deliver a complete communications solution. The company has already commissioned three MVNO sub-brands with more in progress. Additionally the company plans to launch its own branded MVNO products in the second half of FY17 to complement its Residential, and Small to Medium Business product lines. While this new initiative is still in the investment phase, it is expected to deliver significant long term margins in future years.

***Global Wholesale Segment***

Global Wholesale saw revenue and margin increase 10% and 7% respectively on the prior corresponding period, with Margin contribution for the half year of \$11.2m.

In December 2016, after several logistical and regulatory delays, MNF Group completed the significant expansion of its global TNZI operation by successfully opening a new Point of Presence (PoP) in Hong Kong. The new PoP makes TNZI a carrier of choice for European and US telcos seeking to expand in the fast growing Asia Pacific market. This PoP is now in service with existing customers being given priority in provisioning of capacity. The company should start to see incremental revenue and margin contribution from this infrastructure later this year.

***Directors' report (continued)***

During the year the company also finished capacity and technology upgrades in the London and Los Angeles Points of Presence. These upgrades allow the company to expand capacity and provide additional products in these markets. The company has invested in additional sales resources in Europe and North America in order to expand its customer base in these regions. These initiatives together with an increased marketing presence in specific industry functions globally is expected to realise incremental revenue and margin growth in the near future.

***Acquisition and Fund raising***

Subsequent to the half year end, MNF announced the acquisition of Conference Call International (CCI). CCI is the largest independent conferencing and collaboration provider in Australia and complements the existing MNF domestic retail segment with high margin recurring revenue generated from over 5,000 Business, Enterprise & Government customers, including many top 500 enterprises.

CCI will bring substantial conferencing capability into the MNF suite of products.

MNF paid \$17.5m net of cash for CCI, representing a multiple of 5 times FY17 forecast EBTIDA.

The acquisition was funded through the placement of 4,133,333 shares at \$4.50 to institutional and sophisticated investors. At the same time MNF offered existing eligible shareholders the opportunity to purchase shares at \$4.50 through a Share Placement Plan (SPP). The SPP is capped at \$3.0m and is open until 21 February 2017.

The directors remain open to further growth by acquisition in the current financial year should the right opportunities present themselves. The criteria being sought after are: customer bases which can be migrated to the company's network giving a high return on investment, or intellectual property and network assets which can be integrated into the company's existing eco-system to provide additional growth opportunities, or additional capabilities which complement the company's stated strategies. All opportunities will be carefully scrutinised to ensure the best value and lowest risk for the company.

***Directors' report (continued)***

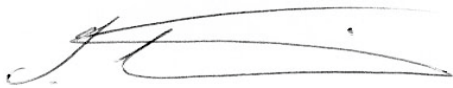
**Rounding**

MNF Group Limited is a company of the kind referred to in ASIC Legislative Instrument (Rounding in Financial/Directors' Reports) 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial report are rounded to the nearest thousand dollars, except where otherwise indicated.

**Auditor's Independence Declaration**

The lead Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is signed in accordance with a resolution of the directors.



Terry Cuthbertson  
Chairman

Sydney, 14 February 2017



Rene Sugo  
Director and CEO



**MNF GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN 37 118 699 853**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE**  
**CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF MNF GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 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.

MNSA Pty Ltd

**MNSA Pty Ltd**

**Mark Schiliro**  
Director

Sydney  
Dated this 14<sup>th</sup> day of February 2017



**Consolidated statement of profit or loss and comprehensive income**

For the half-year ended:		Consolidated group	
		31 December 2016	31 December 2015
		\$000	\$000
	<b>Note</b>		
Continuing operations			
<b>Revenue</b>	4	<b>91,410</b>	<b>83,975</b>
Cost of sales		(64,691)	(61,561)
<b>Gross profit</b>		<b>26,719</b>	<b>22,414</b>
Finance revenue	4	650	116
Employee benefits expense	4	(12,833)	(9,787)
Depreciation and amortisation	4	(2,433)	(2,132)
Other expenses	4	(4,737)	(4,575)
Financing costs	4	(977)	(526)
<b>Profit before income tax</b>		<b>6,389</b>	<b>5,510</b>
Income tax expense		(1,528)	(1,505)
<b>Profit from continuing operations</b>		<b>4,861</b>	<b>4,005</b>
<b>Net profit for the period</b>		<b>4,861</b>	<b>4,005</b>
<b>Other comprehensive income for the period net of tax:</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Exchange differences on translation of foreign operations		(215)	91
Changes in fair value of cash flow hedges		159	(74)
<b>Total comprehensive income for the period</b>		<b>4,805</b>	<b>4,022</b>
<b>Earnings per share from continuing operations</b>			
- Basic earnings per share (cents)	7	7.17	6.01
- Diluted earnings per share (cents)		7.08	5.93

The accompanying notes form part of these consolidated financial statements

**Consolidated statement of financial position**

As at:	Notes	Consolidated group	
		31 December 2016	30 June 2016
		\$000	\$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		54,659	52,889
Trade and other receivables		30,232	29,067
Income tax receivable		254	195
Inventory		388	305
<b>Total current assets</b>		<b>85,533</b>	<b>82,456</b>
<b>Non-current assets</b>			
Property, plant and equipment		13,154	12,011
Deferred income tax asset		785	735
Goodwill and other intangibles	8	29,975	30,802
<b>Total non-current assets</b>		<b>43,914</b>	<b>43,548</b>
<b>Total assets</b>		<b>129,447</b>	<b>126,004</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		69,267	66,550
Loans and borrowings		2,500	2,500
Deferred revenue		1,727	1,668
Income tax payable		-	-
Financial instruments		-	2,812
Provisions		1,346	1,300
<b>Total current liabilities</b>		<b>74,840</b>	<b>74,830</b>
<b>Non-current liabilities</b>			
Loans and borrowings		9,940	11,190
Financial instruments		870	282
Provisions		893	734
<b>Total non-current liabilities</b>		<b>11,703</b>	<b>12,206</b>
<b>Total liabilities</b>		<b>86,543</b>	<b>87,036</b>
<b>Net assets</b>		<b>42,904</b>	<b>38,968</b>
<b>Equity</b>			
Issued capital	6	27,803	26,440
Reserves		503	419
Retained earnings		14,598	12,109
<b>Total equity</b>		<b>42,904</b>	<b>38,968</b>

The accompanying notes form part of these consolidated financial statements.

**Consolidated statement of changes in equity**

Attributable to owners of the company

Ordinary share capital	Share-based payment reserve	Translation reserve	Hedging reserve	Retained earnings	Total
\$000	\$000	\$000	\$000	\$000	\$000

For the half-year ended 31 December 2015:

<b>Balance at 1 July 2015</b>	<b>9,932</b>	<b>1,353</b>	<b>155</b>	<b>(23)</b>	<b>7,631</b>	<b>19,048</b>
Total comprehensive income for the period	-	-	91	(74)	4,005	4,022
Dividends paid	-	-	-	-	(2,170)	(2,170)
Proceeds from issue of shares	14,437	-	-	-	-	14,437
Shares issued - DRP	262	-	-	-	-	262
Exercise of options	17	-	-	-	-	17
<b>Balance at 31 December 2015</b>	<b>24,648</b>	<b>1,353</b>	<b>246</b>	<b>(97)</b>	<b>9,466</b>	<b>35,616</b>

For the half-year ended 31 December 2016:

<b>Balance at 1 July 2016</b>	<b>26,440</b>	<b>1,353</b>	<b>(329)</b>	<b>(605)</b>	<b>12,109</b>	<b>38,968</b>
Total comprehensive income for the period	-	-	(215)	159	4,861	4,805
Share-based payment transactions	-	140	-	-	-	140
Dividends paid	-	-	-	-	(2,372)	(2,372)
Shares issued - DRP	407	-	-	-	-	407
Exercise of options	956	-	-	-	-	956
<b>Balance at 31 December 2016</b>	<b>27,803</b>	<b>1,493</b>	<b>(544)</b>	<b>(446)</b>	<b>14,598</b>	<b>42,904</b>

The accompanying notes form part of these consolidated financial statements.

**Consolidated statement of cash flows**

For the half-year ended:	Consolidated group	
	31 December 2016	31 December 2015
	\$000	\$000
<b>Cash flows from operating activities</b>		
Receipts from customers	95,435	85,342
Payments to suppliers and employees	(86,009)	(78,814)
Interest received	305	116
Interest paid	(1,047)	(526)
Income tax paid	(1,756)	(1,980)
<b>Net cash from operating activities</b>	<b>6,928</b>	<b>4,138</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,899)	(1,923)
Decrease/(Increase) in other financial assets	-	323
Business acquisitions	-	-
Software development costs	-	(150)
<b>Net cash (used in) investing activities</b>	<b>(2,899)</b>	<b>(1,750)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares - share placement	-	14,437
Proceeds from issue of shares - exercise of share options	956	17
Proceeds from issue of shares - DRP	407	262
Dividends paid	(2,372)	(2,170)
Repayment of borrowings	(1,250)	(10,366)
<b>Net cash from/ (used in) financing activities</b>	<b>(2,259)</b>	<b>2,180</b>
Net increase/(decrease) in cash and cash equivalents	1,770	4,568
Cash and cash equivalents at beginning of period	52,889	6,287
<b>Cash and cash equivalents at end of period</b>	<b>54,659</b>	<b>10,855</b>

The accompanying notes form part of these consolidated financial statements.

## Notes to the Financial Statements

### 1. Corporate information

The condensed financial report for MNF Group Limited for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 14 February 2017.

MNF Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

### 2. Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report. As such, this report should be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by MNF Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

#### Changes in accounting policy and new accounting policies

The accounting policies applied by the Group in this condensed half-year financial report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2016.

In the current period, the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current interim reporting period and relevant to the Group. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

**Notes to the Financial Statements (continued)**

**3. Operating Segments**

The Group operates in one business segment being telecommunications.

Prior to the acquisition of the TNZI voice business in April 2015 the Group operated primarily out of one geographic segment, Australia, and in one business segment, Telecommunications.

During 2016 the Group re-structured its business and the segmentation reporting and now identifies three core segments.

Segment comparatives reflect the organisational changes that have occurred during the 2016 reporting period in order to present a like-for-like comparison.

**Australian Domestic Retail**

- The core MyNetFone brand, services Residential, SMB (Small to Medium Business), Enterprise and Government customers in Australia.
- Other brands in this segment include, Connexus, callstream, PennyTel and theBuzz.
- Key products in this segment include:
  - VoIP, Internet, Virtual PBX and SIP trunking
  - Conferencing, toll free numbers and number porting.

**Australia/New Zealand Domestic Wholesale**

- The core Symbio and iBoss brands service wholesale customers based in Australia & New Zealand.
- Key products in this segment include
  - Call termination, pre-select, SIP trunking, inbound numbers, virtual numbers and porting.
  - Wholesale aggregation, SaaS, data enablement and MVNO.

**Global Wholesale**

- The TNZI Brand services the global wholesale market
- During the year international customers supplied under the Symbio brand have transitioned over to being serviced by the TNZI Global team.
- TollShield and OCA (Open CA) also operate under the Global Wholesale segment
- Key products include:
  - Voice carriage and International toll free services (ITFS)
  - Toll Fraud prevention
  - Class 4 Softswitch and billing

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 2016 Financial Statements.

	<b>Australian Domestic Retail</b>	<b>ANZ Domestic Wholesale</b>	<b>Global Wholesale</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>H1 2017</b>				
External revenue	14,715	13,041	63,654	91,410
Inter-segment revenue	-	2,466	600	3,066
<b>Segment revenue</b>	<b>14,715</b>	<b>15,507</b>	<b>64,254</b>	<b>94,476</b>
<b>Segment margin</b>	<b>8,137</b>	<b>7,367</b>	<b>11,215</b>	<b>26,719</b>
<b>H1 2016</b>				
External revenue	14,277	11,583	58,115	83,975
Inter-segment revenue	-	3,361	512	3,873
<b>Segment revenue</b>	<b>14,277</b>	<b>14,944</b>	<b>58,627</b>	<b>87,848</b>
<b>Segment margin</b>	<b>7,250</b>	<b>4,667</b>	<b>10,497</b>	<b>22,414</b>

**Notes to the Financial Statements (continued)**

**4. Revenue and expenses included in the profit or loss and consolidated statement of comprehensive income**

	For the half-year ended:	
	31 December 2016 \$000	31 December 2015 \$000
<b>Revenue</b>		
Rendering of services	91,410	83,975
	<b>91,410</b>	<b>83,975</b>
<b>Finance revenue</b>		
Bank interest received on cash deposits	650	116
<b>Employee benefits expense</b>		
Wages and salaries	11,096	8,407
Superannuation	852	783
Share based payments expense	140	-
Other employee benefits expense	745	597
	<b>12,833</b>	<b>9,787</b>
<b>Depreciation and amortisation</b>		
Depreciation of fixed assets	1,606	1,410
Amortisation of intangible assets	827	722
	<b>2,433</b>	<b>2,132</b>
<b>Other expenses</b>		
Marketing	730	605
Property	668	542
Technology and support	1,131	1,039
Distribution	200	133
Accounting and audit	339	215
Legal and consulting	316	308
Bank and transaction costs	213	189
Other administrative expense	1,140	1,544
	<b>4,737</b>	<b>4,575</b>
<b>Interest expense</b>		
Finance charges on finance lease	-	1
Finance charges on bank loan	436	525
Finance charges related to hedge instrument	541	-
	<b>977</b>	<b>526</b>

**Notes to the Financial Statements (continued)**

**5. Dividends paid and proposed**

	31 December 2016 \$000	31 December 2015 \$000
<b>Dividends paid during the half-year:</b>		
Final fully franked dividend for the financial year ended 30 June 2016: 3.50 cents, paid 29 September 2016 (2015: 3.25 cents)	2,372	2,170
<b>Dividends declared and not recognised as a liability:</b>		
Interim fully franked dividend for the financial year ended 30 June 2017: 3.75 cents to be paid on 30 March 2017 (2016: 3.50 cents)	2,727	2,340

**6. Contributed equity**

**Movement in ordinary share capital:**

	2016		2015	
	Number	\$000	Number	\$000
<b>As at 1 July</b>	<b>67,454,337</b>	<b>26,440</b>	<b>62,710,215</b>	<b>9,932</b>
Shares issued - placement	-	-	4,054,054	14,434
Shares issued - DRP	101,640	407	83,498	265
Shares issued - share options	353,500	956	10,000	17
<b>As at 31 December</b>	<b>67,909,477</b>	<b>27,803</b>	<b>66,857,767</b>	<b>24,648</b>

**7. Earnings per share**

Earnings and weighted number of shares used in calculating basic and diluted earnings per share is as follows:

	31 December 2016 \$000	31 December 2015 \$000
Net profit attributable to ordinary equity holders of the company	4,861	4,005
<b>Weighted average number of ordinary shares for basic earnings per share</b>	<b>67,758,099</b>	<b>66,659,089</b>
Add effect of dilution – share options	891,500	890,000
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>68,649,599</b>	<b>67,549,089</b>



**Notes to the Financial Statements (continued)**

**8. Goodwill and intangible assets**

Consolidated	Goodwill	Brands	Customer contracts	Software development costs	Software, and other assets #	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost</b>						
Balance at 1 July 2016	17,327	1,823	1,433	967	11,226	32,776
Acquisition	-	-	-	-	-	-
Additions	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>17,327</b>	<b>1,823</b>	<b>1,433</b>	<b>967</b>	<b>11,226</b>	<b>32,776</b>
<b>Accumulated Amortisation</b>						
Balance at 1 July 2016	-	-	(359)	-	(1,615)	(1,974)
Amortisation	-	-	(143)	(97)	(587)	(827)
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>(502)</b>	<b>(97)</b>	<b>(2,202)</b>	<b>(2,801)</b>
<b>Net Book Value</b>						
<b>At 31 December 2016</b>	<b>17,327</b>	<b>1,823</b>	<b>931</b>	<b>870</b>	<b>9,024</b>	<b>29,975</b>
At 30 June 2016	17,327	1,823	1,074	967	9,611	30,802

# acquired externally or purchased as part of a business combination.

**9. Contingent liabilities**

There are no contingent liabilities and there has been no change in contingent liabilities since the end of the last reporting date.

**10. Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2016.

**11. Event after balance sheet date**

**Dividend declared:**

On 14 February 2017 the Directors of MNF Group Limited declared an interim fully franked dividend of 3.75 cents per share in respect of the half year period ended 31 December 2016.

The total amount of the interim dividend will be \$2,726,605 and will be paid on 30 March 2017.

The interim dividend has not been provided for in the 31 December 2016 financial statements.

**Acquisition of Conference Call International:**

On 1 February 2017, MNF Group announced it had entered into an agreement to purchase Conference Call International (CCI), the largest independent conferencing and collaboration provider in Australia. The acquisition of CCI was completed on 9 February 2017. MNF paid \$18.0m (\$17.5m net of cash in the business) for CCI. Excluding amortisation associated with the acquisition, CCI is expected to deliver profit after tax of \$2.3m in the year ended June 2017, of which \$1.0m is expected to be included in the MNF results. The CCI acquisition was paid for with cash raised via a share placement.

**Notes to the Financial Statements (continued)**

**Share Placement:**

On 8 February 2017 MNF Group successfully raised \$18,600,000 from a share placement to institutional and sophisticated investors through the issue of 4,133,333 at an issue price of \$4.50. The shares were allotted on 9 February 2017.

**Share Purchase Plan:**

On 1 February 2017 MNF Group announced that it would offer existing eligible shareholders the opportunity to purchase up to \$3,000,000 worth of shares in MNF Group at \$4.50 through a Share Purchase Plan (SPP). The maximum number of shares MNF Group will issue through the SPP is 666,666. The SPP offer opened on 7 February 2017 and is due to close on 21 February 2017. As at 14 February 2017 it is not known exactly how many shares will be issued through the SPP. The shares issued through the SPP are expected to be allotted on 28 February 2017.

Other than the matters addressed above there have been no other significant events since the reporting date which would impact on the financial position of the Group as disclosed in the Statement of financial position as at 31 December 2016 or on the cash flow of the Group for the period ended on that date.

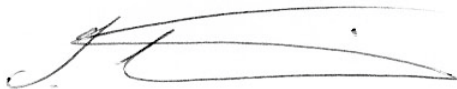
**Directors' Declaration**

In accordance with a resolution of the directors:

In the opinion of the Directors:

- a) these financial statements and notes of the consolidated entity are prepared in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of the performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
  
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Terry Cuthbertson  
Chairman



Rene Sugo  
Director and CEO

Sydney, 14 February 2017



**MNF GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN 37 118 699 853**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**MNF GROUP LIMITED**  
**ABN 37 118 699 853**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of MNF Group Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

**Directors' Responsibility for the Half-year Financial Report**

The directors of MNF Group Limited are responsible for the preparation of the half-year 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 half-year 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the MNF Group Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MNF Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.



## Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of MNF Group Limited for the half-year ended 31 December 2016 included on the website of MNF Group Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

## Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MNF Group Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of MNF Group Limited's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

MNSA Pty Ltd

MNSA Pty Ltd

**Mark Schiliro**

Director

Sydney

Dated this 14<sup>th</sup> day of February 2017