ZipTel.

ACN 108 042 593

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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CORPORATE INFORMATION

ZIPTEL LIMITED

ABN 41 108 042 593

DIRECTORS

Mr Joshua Hunt (Non-Executive Chairman)
Mr Umberto (Bert) Mondello (Chief Executive Officer and Executive Director)
Mr Keaton Wallace (Executive Director)
Mr Salvatore Vallelonga (Non-Executive Director)

COMPANY SECRETARY

Miss Loren Jones

PRINCIPAL PLACE OF BUSINESS

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Subiaco, Western Australia 6008
T + 61 (0) 8 6489 1600

REGISTERED OFFICE

Suite 9, Level 2
330 Churchill Avenue,
Subiaco, Western Australia 6008
T + 61 (0) 8 6252 4224

SOLICITORS

Hunt & Humphry
15 Colin Street
West Perth, Western Australia 6005
T +61 (08) 9321 0200

SHARE REGISTER

Security Transfer Registrars
770 Canning Highway,
Nedlands, Western Australia 6153
T +61 (0) 8 9315 2333

AUDITOR

Stannards Accountants and Advisors Pty Ltd
Level 1, 60 Toorak Road,
South Yarra, Victoria 3141
T +61 (0) 3 9867 4433

CHAIRMAN'S REPORT

DEAR SHAREHOLDERS,

THE YEAR IN REVIEW

On 28 May 2014, the Company (previously trading as Skywards Limited, ASX:SKL and renamed ZipTel) announced it had successfully raised its maximum subscription of $5 million, as part of its agreement to acquire 100% of AussieSim Pty Ltd. At the closing date of the public offer, the Company received applications in excess of $5 million. Subsequently, the acquisition of AussieSim was completed on 18 June 2014.

As part of the acquisition agreement, the following Board appointments were made:

- Mr Joshua Hunt – Non Executive Chairman
- Mr Umberto (Bert) Mondello – Chief Executive Officer
- Mr Keaton Wallace – Executive Director; and
- Mr Salvatore Vallelonga – Non Executive Director

On completion of the acquisition, Mr Mathew Walker, Tim Johnson and Eugene Loy resigned as directors of the Company.

Subsequent to the year ending 30 Jun 2014, the Company recommenced trading on the ASX under ZipTel Limited, (ASX: ZIP) on 4 July 2014.

AUSSIESIM

AussieSim is an international pre-paid sim card which offers consumers up to 95% savings on talk, text and data whilst travelling overseas across more than 180 countries. The AussieSim brand and product has achieved solid growth over the past 6 months and delivered record sim card sales of 3,802 for the June quarter (Q4 2014), up 394% on the June 2013 Quarter. Revenues for AussieSim hit a record of circa $180,000, for Q4 2014, up 243% on the previous corresponding period.

The Company is confident that this strong growth momentum will accelerate into the 2015 financial year, following its landmark agreement with global travel leader Trafalgar signed in July 2014 to supply and distribute over 17,000 of its AussieSim card products to all Trafalgar customers. The supply agreement will commence 1 August 2014 for a six month period, with a 12 month renewal option by mutual agreement.

The agreement with Trafalgar is an important validation for AussieSim by a major global travel group. The agreement is expected to materially boost revenues for the 2015 financial year, and creates an opportunity for significant expansion potential with associated Trafalgar entities. The Trafalgar parent company Travel Corporation has in excess of 1.1 million customers and provides travel packages for over 500,000 travellers per annum.

ZIPT

ZipT is a mobile based VOIP communication application ("App") which allows customers to make international calls at very low rates. The product has the ability to deliver high quality, crystal clear sound quality in low data usage environments.

CHAIRMAN'S REPORT

During the year ended 30 June 2014, the Company entered into two key distribution agreements for the ZipT App:

1) Mpire Network ("Mpire"), Zhenya Tsvetnenko's leading online marketing company. Via their renowned affiliate program, the agreement with Mpire provides access to millions of customers across more than 120 countries. The initial marketing campaign is targeted across the USA and Brazil, following which a full campaign will be rolled out strategically adding more countries with the objective of achieving 1 million downloads over 6 months.

2) AppPharm Limited, a Malaysian application development firm which will provide a white label VOIP solution for the ZipT App. Under the terms of the MOU, ZipTel can pay AppPharm a proportion of the total monthly revenue received from AppPharm customers. AppPharm will distribute this amount as per its third party agreement with several distribution companies worldwide.

   ZipTel will charge an upfront tariff creation fee along with a monthly account maintenance fee for the AppPharm agreed monthly tariff. AppPharm has tested and validated the ZipT App and found that the call quality of ZipT was substantially better than other leading products such as Skype and Viber. AppPharm has exclusive partnerships with several networks worldwide and has access to a subscription base of circa 200,000 paying users – forecast to increase to over 1 million within 18 months.

The two above agreements entered into by ZipTel creates a low risk and low cost approach for the Company to broaden the global presence for its ZipT App and to significantly drive ZipTel's sales growth and market share in a multi-million dollar global market.

The ZipT development App is well underway and on track for launch in late 2014.

FINANCIAL POSITION

At the end of the year the Company had cash at bank of $4.89m, before transaction costs associated with the capital raising.

OUTLOOK FOR 2014

The Directors are pleased with the continued growth of the AussieSim business. With the execution of the Trafalgar deal in July 2014 and increases in our distribution network, the Directors are confident that revenues will materially increase in the next 6 months. The appointment of Mr Alun Cooksley to drive sales and distribution channels for AussieSim products is another initiative undertaken to further strengthen AussieSim's brand awareness and sales growth.

The impending launch of the ZipT App is an exciting next phase for the Company. With strategic distribution deals in place, ZipTel is confident that the ZipT App will begin to generate revenue in the coming year adding another key product line to the Company's business.

Umberto Mondello
Chief Executive Officer

30 September 2014

CORPORATE GOVERNANCE STATEMENT

The Board recognises that the Company's shareholders, employees, regulatory bodies, customers and the community expect a high standard of accountability, performance and ethical behaviour and the Board acknowledges its responsibilities for and commitment to best practice in corporate governance.

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are achieved, how risk is monitored and assessed and how performance is optimised.

The Board is committed to corporate governance and, to the extent they are applicable to the Company, have adopted the Eight Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council ("CGC").

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of directors is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

At present there are two Executive Directors of the Company one of whom is also the Chief Executive Officer. The evaluation of the performance of the Executive Directors is assessed annually (or on an as needed basis).

The Board has established a framework for the management of the Company including an overall framework of internal control, risk management and ethical standards. This framework is expressed in a Board Charter and in a statement of delegation of authority to senior management which is held in the Company's registered office and available to the public upon request. The responsibility for the operations and administration of the Company is delegated to the Board.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Council states that the Company should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

The full Board is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating directors. Board membership is reviewed regularly to ensure the Board has an appropriate mix of qualifications, skills and experience. Candidates appointed by the Board must stand for election at the first General Meeting of shareholders following their appointment. The Board of the Company currently comprises of a Non-Executive Chairman, two Executive directors one of whom is also the Chief Executive Officer and a Non-Executive Director.

Details of directors (Mr Joshua Hunt, Mr Umberto (Bert) Mondello, Mr Keaton Wallace and Mr Salvatore Vallelonga) are set out in the Directors' Report. Messrs Mondello and Wallace are executive directors and therefore not considered independent directors.

It is noted that the Company does not satisfy the ASX Corporate Governance Principle 2.1 on Board independence as the majority of Directors are not independent.

The Board believes that the interests of the shareholders are best served by directors who are not influenced by any factor other than the Company's best interests. In spite of the fact that a majority of the Board is not classified as independent, the Board believes that every director acts in good faith and in the best interests of all shareholders at all times. Enforcement of conflict of interest protocols whereby directors who have a material personal interest in a matter are not permitted to be present during discussions or to vote on that matter further ensure this.

The Company's Chief Executive Officer has the responsibility for guiding management in effectively carrying out tasks and achieving job task objectives. The full Board meets on an as-to-when required basis with a comprehensive set of Board papers issued before the meeting for consideration and discussion. The Board as a whole makes decisions on important Company issues.

The Company is currently not of a relevant size that justifies the formation of a separate nomination committee. Matters typically dealt with by such a committee are dealt with by the Board of directors. To assist the Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their duties, they may do so at the Company's expense.

A full changeover of the board took place in June 2014; subsequently the Board has not yet developed a formal process for performance evaluation at this time. However, to ensure that the responsibilities of the Board are discharged in an appropriate manner, the performance of the Board will be reviewed annually by the independent, Non-Executive Chair; and the performance of the Chair will be reviewed annually by the rest of the Board. Directors whose performance is consistently unsatisfactory may be asked to retire.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Board has adopted a Company Code of Conduct to promote ethical and responsible decision-making by all employees (including directors). The Code embraces the values of honesty, integrity, accountability, equality and striving to enhance the reputation and performance of the Company. In summary the over-riding principles are:

- all employees must conduct their duties honestly and in the best interests of the Company as a whole.
- treat other stakeholders fairly and without discrimination.
- respect confidentiality and do not misuse Company information or assets.
- conduct themselves in accordance with both the letter and spirit of the law.
- maintain a safe working environment.

A copy of the Company's Code of Conduct is available at the Company's principal place of business.

The Company has also formulated a Company policy for directors, executives and employees concerning dealings in Company securities. This policy is as follows:

Company policy and the Corporations Act 2001, prohibits directors and employees from buying and selling or otherwise dealing in securities of the Company whilst in possession of price sensitive information that, in accordance with the Corporations Act 2001, has not been made public or is otherwise not generally available.

In accordance with good practice and to assist in the avoidance of any inadvertent breach of the Corporations Act 2001, the policy of the Company in relation to dealings by directors and employees in securities of the Company is as follows:

Key Management Personnel must not, except in exceptional circumstances deal in securities of the Company during the following periods:

(a) 1st January until the release to the ASX of ZipTel's half yearly results; or

(b) 1st July and until the release to the ASX of ZipTel's full year results; or

(c) where the Company is involved in a corporate transaction that might have a material impact on the share price; or

(d) at any other time when in possession of Price Sensitive Information.

The Company may at its discretion vary this rule in relation to a particular Closed Period by general announcement to all Key Management Personnel either before or during the Closed Periods. However, if a Key Management Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.

Each director and employee is required to satisfy themselves that any dealing in securities of the Company which they undertake is not in breach of the Corporations Act 2001.

This policy has been incorporated into a set of Guidelines for Trading in Company Shares, which is available at the Company's registered office.

It is noted that the Company does not satisfy the ASX Corporate Governance Principles 3.2 and 3.3 on Diversity and Inclusion. The Board has contemplated the necessity of implementing a diversity policy. The Board has not implemented a diversity policy and is of the view that due to the relatively few employees that the Company has, the recommendation is inappropriate to the Company's particular circumstances at this stage.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Company is not of a size at the moment that justifies having a separate audit committee. However, matters typically dealt with by an audit committee are currently dealt with by the Board of directors which comprises one Independent Non-Executive Chair, two Executive Directors and one Independent Non-Executive Director. Though the Company intends to seek out and appoint additional independent directors to the Board when size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of directors from different backgrounds with complementary skills and experience. No charter has been developed, as there is no audit committee due to the role currently being fulfilled by the Board.

The Company's auditor is Stannards Accountants and Advisors Pty Ltd ("Stannards"). The signing off of the annual accounts is a matter considered by the whole Board together with the external auditors.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Council states that the Company should make timely and balanced disclosure of all material matters concerning the Company.

In the Company's current stage of development, matters of critical importance arise regularly. The Chief Executive Officer and Company Secretary will discuss significant issues with Board members and jointly will make a decision on the timely release of factual and balanced information concerning the Company's activities. To maintain consistency, the Board has approved a Continuous Disclosure Policy, which is available at the Company's registered office, and which covers announcements to the ASX, prevention of selective or inadvertent disclosure, conduct of investor and analysts' briefings, and media communications.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Pursuant to Principle 6, the Company's objective is to ensure effective communication with its shareholders at all time. The Company recognises the important role of communicating with shareholders, and has for several years regularly informed shareholders about current and proposed activities.

Given the size of the Company, all communication with shareholders is currently reverted to the Board and its Company Secretary. The Company's website has a dedicated media section which publishes all important Company Information and relevant announcements made to the market.

The Company will ensure that the Annual General Meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders. The Company requires the attendance of the external auditor at the Company's Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Company has adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Chief Executive Officer and the Company Secretary are responsible to the Board for the Company's system of internal control and risk management.

Consistent with the requirements of ASX CGC 4 & 7, the Chief Executive Officer is required to state to the Board in writing that the financial statements of the Group present a true and fair view, in all material respects, of the Group's financial position and operational results and are in accordance with the relevant accounting standards and the appropriate disclosure of all information required by statute. Additionally, the Chief Executive Officer is required to state in writing that this statement is founded on a sound system of risk management and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

A risk management policy has been approved by the Board. Full details of the Company's risk management policy can be obtained from the registered office. In fulfilling their duties, the directors may obtain independent professional advice at the Company's expense.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The Council states that the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has not established a remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical as the full Board considers in detail all of the matters for which the directors are responsible.

The Board is currently made up of two Non-Executive directors. The remuneration structure specific to Non-Executive directors is contained in the remuneration in this annual report as required by the Corporations Act 2001. The fees payable to Non-Executive directors is currently capped at A$250,000 per annum in total.

DIRECTORS' REPORT

The directors of ZipTel Limited (the "Company") submit herewith the annual report of the Company and its controlled entity (the "Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS AND SENIOR MANAGEMENT

The Company directors held office during the whole of the financial year and since the end of the financial year. The names and particulars of directors and senior management of the Company at the end of the 2014 financial year are:

JOSHUA HUNT

Non-Executive Chairman appointed on 12 June 2014

Mr Joshua Hunt is a lawyer and Principal of project law firm Hunt & Humphry, with experience in providing advice to listed public and private companies and in all aspects of project acquisitions and disposals. Mr Hunt has practised corporate and commercial law for over 12 years and has been intimately involved in the formation, acquisition and development of numerous successful companies over this time.

Mr Hunt's experience extends internationally, where he has acted for a number of companies with operations in Africa, South East Asia, Mongolia, the United States, Canada, the United Kingdom and throughout South America.

UMBERTO (BERT) MONDELLO

Executive Director and Chief Executive Officer appointed on 12 June 2014

Mr Bert Mondello first entered the telecommunications industry in 1997, and up until 2002, he managed key retail distribution channels for Optus and Vodafone. During this period, the telecommunications industry evolved significantly, shifting from the basic analogue network to digital and 3G. In 2002, Bert was invited to assist in building the business model and blueprint of Vodafone's outsourced pilot distribution model called Vodafone Alliance. As an equity partner and General Manager of Vodafone Alliance, his responsibility was to build and manage a national business to business sales team.

In 2004, his private company iCommunications Pty Ltd was appointed by 3 Mobile to manage part of their Australian business channel. Subsequently in 2009, Vodafone and 3 Mobile merged in Australia and iCommunications became one of the largest Vodafone business channels in the country. As the Managing Director of the company, Bert was responsible for signing up over 50,000 subscribers to the Vodafone and 3 Network over a ten year period. Today it is still one of Vodafone's most prominent and long-standing business partners.

KEATON WALLACE

Executive Director appointed on 12 June 2014

Mr Keaton Wallace recently oversaw the tender and negotiation process with the four major telecommunication network providers in Indonesia and the three major telecommunications providers in Thailand. He has also successfully reached terms with IndosatPt Indonesia and DTAC Thailand for partnership with AussieSim.

Prior to co-founding AussieSim, Keaton was in property management and development. During this time, he oversaw major property development syndications and capital raisings within Australia and Indonesia, with award-winning results for Parkwater Estate and Brookfield Estate in Margaret River. Keaton has also managed a residential and commercial property portfolio for Jamac Properties, with assets in excess of $200 million.

SALVATORE VALLELONGA
Non-Executive Director appointed on 12 June 2014

Mr Salvatore Vallelonga is a Chartered Accountant and a director of Plexus Global Consultants Pty Ltd, a Chartered Accounting and business advisory business specialising in the provision of tailored tax and consultative solutions to its SME clients and emerging growth clients. Salvatore is also a director of Plexus Wealth Pty Ltd, which provides financial planning and wealth solutions to clients. Salvatore is a director of numerous private companies and is also on a number of boards and committees of non-profit organisations.

Salvatore has worked closely with his clients in business to business distribution and retail channels in the telecommunication industry, servicing clients working with national and global brands such as Telstra, Vodafone, 3Mobile, Optus, People telecom, M2 Communication and Commander.

LOREN JONES
Company Secretary appointed on 8 November 2012

Miss Jones has worked in finance and back office administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 7 years. During this time she has gained invaluable experience in dealing with all aspects of corporate administration and governance. She currently serves as the Company Secretary of Vortex Pipes Limited (ASX: VTX) and Jernigan Commodities Limited, a company specialising in global marketing and pricing solutions for producers of soft commodities. She is a BIA Accredited Bookkeeper and a member of the Institute of Certified Bookkeepers, holds a Certificate IV Financial Services (Bookkeeping), has a Bachelor of Psychology from Curtin University and is currently enrolled in the Graduate Diploma of Applied Corporate Governance with Governance Institute of Australia.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director while they were a Director or committee member.

	DIRECTORS' MEETINGS		NON-EXECUTIVE DIRECTOR MEETINGS	
DIRECTORS	NO OF MEETINGS ELIGIBLE TO ATTEND	ATTENDED	NO OF MEETINGS ELIGIBLE TO ATTEND	ATTENDED
Joshua Hunt	1	1	0	0
Bert Mondello	1	1	0	0
Keaton Wallace	1	1	0	0
Salvatore Vallelonga	1	1	0	0

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report.

DIRECTORS	FULLY PAID ORDINARY SHARES	OPTIONS
Joshua Hunt	525,000	262,500
Bert Mondello	8,307,500	4,153,750
Keaton Wallace	7,272,500	3,621,250
Salvatore Vallelonga	350,000	175,000

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report on pages 14 to 17.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

The Company maintains an option plan for senior management and executives, including Executive Directors, as approved by shareholders at an Annual General Meeting. There are currently no unissued ordinary shares under option under the Company's option plan as at the date of this report.

No shares have been issued during or since the end of the financial year as a result of exercise of an option.

REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES

The consolidated entity's principal activities at the commencement of the financial year are outlined in the Chairman's report and listed below in Events Subsequent to Balance Date.

OPERATING RESULTS

The loss after tax of the consolidated entity for the financial year attributable to the members of ZipTel Limited was $2,444,621 (30 June 2013: loss $896,122).

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after balance date.

EVENTS SUBSEQUENT TO BALANCE DATE

On 23 July 2014 the Company announced to ASX that it had entered into an exclusive agreement with Trafalgar Tours (Aust.) Pty Ltd ("Trafalgar") to supply and distribute ZipTel's AussieSim mobile products to all Trafalgar customers travelling during the six month period from August 2014 to January 2015.

The agreement with Trafalgar tours is an important validation for AussieSim by a major global travel group. The agreement is expected to materially boost revenues for the 2015 financial year, and creates an opportunity for significant expansion potential with associated Trafalgar entities. The Trafalgar parent company Travel Corporation has in excess of 1.1 million customers and provides travel packages for over 500,000 travellers per annum.

LIKELY DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years has been made in part in the Chairman's Report at the beginning of this Annual Report. Any further such disclosure and the expected results of those operations are likely to result in unreasonable prejudice to the consolidated entity and have accordingly not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The economic entity's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the economic entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

DIVIDENDS

No dividend has been declared by the Directors for this financial year.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration is included on page 18 of this Annual Report.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 6 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 6 to the financial statements do not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

PROCEEDINGS ON BEHALF OF THE COMPANY

Except as disclosed below, no person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company is involved in a Magistrates Court (Number 18320 of 2013) claim against it by Cooneen Textiles Ltd in relation to an alleged breach of a guarantee entered into by the Company when it was a sportswear manufacturer. In reliance upon independent legal advice the Directors believe that there is little merit to the claim and that the prospects of any adverse finding against the Company are minimal.

REMUNERATION REPORT

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of ZipTel Limited's directors and its senior management for the financial year ended 30 June 2014. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of directors and senior management
- Key terms of employment contracts.

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as directors of the company during or since the end of the financial year:

NON-EXECUTIVE CHAIRMAN	Joshua Hunt, appointed 12 June 2014
CHIEF EXECUTIVE OFFICER	Bert Mondello, appointed 12 June 2014
EXECUTIVE DIRECTOR	Keaton Wallace, appointed 12 June 2014
NON-EXECUTIVE DIRECTOR	Salvatore Vallelonga, appointed 12 June 2014

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

COMPANY SECRETARY	Loren Jones, appointed 8 November 2012

REMUNERATION POLICY

The Company's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Provide an equity incentive for senior executives that will provide an incentive to executives to align their interests with those of the Company and its shareholders; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees; and
- Benefits, including the provision of motor vehicles and superannuation.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and key management personnel remuneration is separate and distinct.

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company's Constitution provides that non-executive Directors may collectively be paid from an aggregate maximum fixed sum out of the funds of ZipTel Limited as remuneration for their services as Directors. The aggregate maximum fixed sum has been set at $250,000 per annum. The Constitution and the Australian Securities Exchange Listing Rules specify that the aggregate remuneration amount can only be increased by the passing of an ordinary resolution of shareholders. Since the Company's establishment in March 2004, this fixed amount has not been increased.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director is entitled to receive a fee for being a director of the Company.

The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in the remuneration of key management personnel in Table 1 of this report.

RETIREMENT BENEFITS

Consistent with the ASX Corporate Governance Rules which states that non-executive directors should not be provided with retirement benefits other than statutory superannuation, the Company does not provide retirement benefits to its Non-Executive Directors.

REMUNERATION OF SENIOR MANAGEMENT AND EXECUTIVE DIRECTORS

The Company aims to reward senior management and executive directors with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The objective of the remuneration policy is to:

- Reward senior management personnel and executive directors for Company and individual performance;
- Align the interests of the senior management personnel and executive directors with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

In determining the level and make-up of senior management and executive directors' remuneration, the Board reviews reports detailing market levels of remuneration for comparable roles. Remuneration currently consists of fixed and variable elements which are dependent on the satisfaction of such performance conditions as may be imposed by the Board.

Senior Management and Executive Directors are compensated through a variety of components which include:

- Short term employee benefits;
- Post-employment benefits;
- Other long term benefits;
- Termination benefits; and
- Share-based payments.

The relative weighting of fixed and variable components for target performance is set according to the scope of the individual's role. The 'at-risk' component is linked to those roles in which market value provides reasons to provide some individuals with higher levels of remuneration, while also recognising the importance for providing shareholders with value. To ensure that fixed remuneration for the Company's most senior executives remains competitive, it is reviewed annually based on performance and market data.

Options issued to executives as a form of compensation are outlined in note 16 of the financial statements. Cash bonuses granted to executives are based on the respective performance of their regional business unit. Bonuses are paid out at various times during the year and are determined by the Board.

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2014:

FINANCIAL YEAR ENDING 30 JUNE	2014*	2013	2012	2011	2010
Revenue ($'000)	570	2,983	14,872	16,941	24,958
NPAT ($'000)	(2,445)	(2,225)	(4,064)	340	581
Share price at start of year	$0.001	$0.001	$0.001	$0.01	$0.03
Share price at end of year	$0.20	$0.001	$0.001	$0.001	$0.01
Dividend	-	-	-	-	-
Basic EPS (cents per share)	(8.8)	(0.07)	(0.13)	0.02	0.17

REMUNERATION OF SENIOR MANAGEMENT AND EXECUTIVE DIRECTORS

Table 1: Remuneration of the Non-Executive and Executive Directors of the Company for the year ended 30 June 2014.

According to the Australian Accounting Standards, the Company's acquisition of AussieSim Pty Ltd during the year is regarded as a capital transaction of the legal subsidiary instead of a business combination. The new combined group is in substance a continuation of the business of AussieSim Pty Limited. Table below is remuneration of the directors of AussieSim Pty Ltd (also the current directors of ZipTel Limited) during the year ended 30 June 2014.

	SHORT TERM BENEFITS		POST-EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED	
2014 DIRECTORS	**SALARY & FEES ($)**	**NON-MONETARY ($)**	**SUPER-ANNUATION ($)**	**TERMINATION BENEFIT ($)**	**OPTIONS NOTE 1 ($)**	**TOTAL ($)**	**TOTAL %**	**OPTIONS %**
EXECUTIVE DIRECTORS								
B.Mondello	96,667	0	8,479	0	0	0	0	0
K.Wallace	99,167	0	3,854*	0	0	0	0	0
NON-EXECUTIVE DIRECTORS								
J.Hunt	18,000	0	0	0	0	0	0	0
S.Vallelonga	0	0	0	0	0	0	0	0
M.Walker**	0	0	0	0	0	0	0	0
E.Loy**	0	0	0	0	0	0	0	0
T.Johnston**	0	0	0	0	0	0	0	0
TOTAL	**213,834**	**0**	**12,333**	**0**	**0**	**0**	**0**	**0**

*Mr Wallace's services to the Company as a Director were provided both privately and through his private company, CV Wolf Enterprises Pty Ltd. Amounts totalling $57,500 were paid to CV Wolf Enterprises Pty Ltd and as this a relationship is a legal one of contractor and not employee, there were no superannuation entitlements due to Mr Wallace by the Company.

** Resigned 12 June 2014

Table 2: Remuneration of the Non-Executive and Executive Directors of the Company for the year ended 30 June 2013

	SHORT TERM BENEFITS		POST-EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED	
2013 DIRECTORS	SALARY & FEES ($)	NON-MONETARY ($)	SUPER-ANNUATION ($)	TERMINATION BENEFIT ($)	OPTIONS NOTE 1 ($)	TOTAL ($)	TOTAL %	OPTIONS %
EXECUTIVE DIRECTORS								
G. Casey	0	0	0	0	0	0	0	0
NON-EXECUTIVE DIRECTORS								
A. Plympton	16,662	0	0*	0	0	16,662	0	0
J. Taylor	22,500	0	0**	0	0	22,500	0	0
M. Kellett	0	0	0	0	0	0	0	0
SENIOR MANAGEMENT								
D. Johnson	0	0	0	0	0	0	0	0
S. Day	0	0	0	0	0	0	0	0
R. Savage	0	0	0	0	0	0	0	0
TOTAL	**39,162**	**0**	**0**	**0**	**0**	**39,162**	**0**	**0**

*Mr Plympton's services to the Company as a Director were provided through his private company, Windward Mark Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Plympton by the Company.

**Mr Taylor's services to the Company as a Director were provided through his private company, Jelor Software Pty Ltd. As the legal relationship is one of contractor and not employee, there are no superannuation entitlements due to Mr Taylor by the Company.

There were no grants of share-based payment compensation to directors and senior management during the current financial year.

No option series currently on issue was exercised during the financial year.

No options held by directors and senior management were exercised during the financial year.

Options previously granted to directors and senior management expired during the 2012 financial year.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,

Umberto Mondello
Chief Executive Officer

30 September 2014

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit

Stannards Accountants and Advisors Pty Ltd

Stannarts Accountants and Advisors Pty Ltd

Michael B Shulman

Date: 30 September 2014

Stannards Accountants and Advisors Pty Ltd
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stannards
ACCOUNTANTS and ADVISORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIPTEL LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Ziptel Limited (the company) and Ziptel Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and comprehensive income, the statement of changes in equity and the 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 on 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 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Ziptel Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Stannards Accountants and Advisors Pty Ltd
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Jason Wall, CA
Nicole Postan, CA
Peter Angelini, CA

stannards
ACCOUNTANTS and ADVISORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIPTEL LIMITED

Auditor's Opinion

In our opinion:

a. the financial report of Ziptel Limited and Ziptel Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their 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 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 Ziptel Limited for the year ended 30 June 2014 complies with Section 300A of the Corporations Act 2001.

Stannards Accountants Pty Ltd

Stannards Accountants and Advisors Pty Ltd

Michael B Shulman

Dated this ....30th.... day of ....September.... 2014

DIRECTORS' DECLARATION

The Directors declare that:

The financial statements and notes, as set out on pages 22 to 51 are in accordance with the Corporations Act 2001 including:

- 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:
- In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the Company;
- In the directors' opinion, the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note (1) to the financial statements; and
- The directors have been given the declarations required by section 295A of the Corporations Act 2001 by the Chief Executive Officer and the Chief Financial Officer.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001

Umberto Mondello
Chief Executive Officer

30 September 2014

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
Revenue			
Sale of goods and services	3	555,714	55,386
Other income		14,567	21,343
Expenses			
Cost of sales	4	(250,872)	(62,638)
Other expenses from ordinary activities			
Administration		(163,535)	(184,579)
Employee benefits	4	(333,729)	(166,463)
Marketing and distribution	4	(345,653)	(266,328)
Consulting	4	(416,013)	(199,994)
Depreciation and amortisation	4	(55,709)	(29,118)
Occupancy		(53,693)	(62,280)
Provision for doubtful debtors	4	(47,481)	-
Write off of inventories	9	(2,458)	-
Share-based payment for backdoor listing	15, 21	(843,360)	-
Net liabilities assumed from backdoor listing	15	(384,121)	-
Other backdoor listing expenses		(107,844)	-
Finance costs		(11,157)	(2,570)
Exchange gain		723	1,119
Total Expenses		**(3,014,902)**	**(972,851)**
Loss before income tax		(2,444,621)	(896,122)
Income tax expense	5	-	-
Loss for the year		**(2,444,621)**	**(896,122)**
Other comprehensive income		-	-
Total comprehensive expense for the year		(2,444,621)	(896,122)
Loss attributable to owners of the Company		(2,444,621)	(896,122)
Total comprehensive expense attributable to owners of the Company		**(2,444,621)**	**(896,122)**
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	18	(8.80)	(12.23)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 $	2013 $
Current Assets			
Cash and bank balances	7	4,976,277	167,525
Trade and other receivables	8	164,187	16,098
Prepayments		5,852	327
Inventories	9	20,646	36,635
Total Current Assets		5,166,962	220,585
Non-current Assets			
Receivables	8	5,308	13,365
Plant and equipment	10	42,929	76,269
Intangible assets	11	200,268	96,851
Total Non-current Assets		248,505	186,485
Total Assets		5,415,467	407,070
Current Liabilities			
Bank overdraft	7	87,246	-
Trade and other payables	12	1,240,268	81,981
Provision for advance billings		14,357	4,174
Borrowings	13	8,066	12,470
Total Current Liabilities		1,349,937	98,625
Non-current Liabilities			
Provisions	14	29,620	7,616
Total Non-current Liabilities		29,620	7,616
Total Liabilities		1,379,557	106,241
Net Assets		4,035,910	300,829
Equity			
Issued capital	16	7,224,516	1,225,000
Reserves	17	180,186	-
Accumulated losses		(3,368,792)	(924,171)
Capital and reserves attributable to owners of the Company		4,035,910	300,829
Total equity		4,035,910	300,829

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

		Attributable to Owners of the Company			
	Notes	**Issued Capital $**	**Share-based Payments Reserve $**	**Accumulated Losses $**	**Total $**
Balance at 1 July 2012		**-**	**-**	**(28,049)**	**(28,049)**
Loss for the year		-	-	(896,122)	(896,122)
Total comprehensive expense for the year		-	-	(896,122)	(896,122)
Contribution of equity, net of transaction costs	16	1,225,000	-	-	1,225,000
Balance at 30 June 2013		**1,225,000**	**-**	**(924,171)**	**300,829**
Loss for the year		-	-	(2,444,621)	(2,444,621)
Total comprehensive expense for the year		-	-	(2,444,621)	(2,444,621)
Contribution of equity, net of transaction costs	16	5,999,516	-	-	5,999,516
Recognition of share-based payments	17	-	180,186	-	180,186
Balance at 30 June 2014		**7,224,516**	**180,186**	**(3,368,792)**	**4,035,910**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		372,860	38,144
Payments to suppliers and employees		(1,335,198)	(935,598)
Finance costs		(11,157)	(2,570)
Other income		19,438	21,343
Net cash provided by / (used in) operating activities	20	(954,057)	(878,681)
Cash flows from investing activities			
Payments of plant and equipment		(2,312)	(89,238)
Payments of intangible assets		(80,000)	(113,000)
Proceeds from sale of plant and equipment		12,727	-
Net cash used in investing activities		(69,585)	(202,238)
Cash flows from financing activities			
Proceeds from issue of shares		5,148,000	1,235,000
Proceeds from convertible loans		496,000	-
Proceeds from loan by related parties		150,535	-
Proceeds from borrowings		8,066	18,000
Share issue transaction costs		(45,706)	-
Repayment of borrowings		(12,470)	(5,675)
Net cash provided by financing activities		5,744,425	1,247,325
Net increase/(decrease) in cash and cash equivalents		4,720,783	166,406
Cash and cash equivalents at the beginning of the year		167,525	-
Effects of exchange rate changes		723	1,119
Cash and cash equivalents at the end of the year	7	4,889,031	167,525

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Australian Accounting Standards set out accounting policies that result in the presentation of reliable and relevant information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements were authorised for issue by the directors on 30 September 2014. The directors have the power to amend and reissue the consolidated financial statements.

BASIS OF PREPARATION OF THE FINANCIAL REPORT

The financial report has been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2.

Backdoor Listing

During the year following a consolidation of capital, the Company issued 25 million ordinary shares and 12.5 million options to acquire 100% of the equity capital of AussieSim Pty Ltd ("AussieSim"). In applying the requirements of Australian Accounting Standards, a number of factors, in particular the Company representing a non-operating public shell corporation with nominal assets, and the shareholders of AussieSim acquiring a majority shareholding and gaining control over the new combined entity, have resulted in the transaction being treated as a back door listing of AussieSim.

Under the Australian Accounting Standards, the transaction was considered to be a capital transaction of AussieSim instead of a business combination. It was equivalent to the issuance of shares by AussieSim for the net monetary assets of the Company, accompanied by a recapitalisation. The excess of the fair value of the deemed shares issued by AussieSim over the value of the net monetary assets of the Company at the acquisition date was recognised in profit or loss.

The Company is the legal parent entity of the Group and presents consolidated financial information. AussieSim, which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

The consolidated financial statements therefore represent the continuation of the consolidated financial statements of AussieSim and its controlled entity except for its capital structure.

The comparative information presented in the consolidated financial accounts is that of AussieSim and its controlled entity.

Removal of Parent

Separate financial statements for AussieSim (the accounting parent), as an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. Financial information for the parent company as an individual entity is included in note 27.

SIGNIFICANT ACCOUNTING POLICIES

(A). BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(B). SEGMENT REPORTING

An operating segment is identified as the component of the Group that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(C). REVENUE RECOGNITION

Revenue from sale of goods and service is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances. The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity. The Group bases its estimates on historical results and the type of transaction. Marketing analysis and accumulated experience is used to estimate and provide for the probability of the future economic benefits.

For advance billings to customers, provisions for unearned revenue are made for services which have not been rendered as at the end of the reporting period. Expenses directly attributable to the unearned revenue are deferred until the revenue is recognised.

Interest revenue is recognised using the effective interest rate method.

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

(D). INCOME TAX

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(E). IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(F). CASH AND CASH EQUIVALENTS

For the purpose of presentation in consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to significant risk of changes in value, and bank overdrafts.

(G). TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and, other than those that meet the definition of equity instruments, are subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debts. Loss events include financial difficulty or bankruptcy of the debtor, significant delay in payments and breaches of contracts. The impairment loss, measured as the difference between the debt's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate, is recognised in profit or loss. When the debt becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

(H). INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(I). FINANCIAL ASSETS

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(J). PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The estimated useful lives for each class of assets are:

CLASS OF PLANT AND EQUIPMENT	EXPECTED USEFUL LIVES	DEPRECIATION BASIS
Motor vehicles	12 years	Straight line
Office furniture and equipment	3-5 years	Straight line
Telecommunication equipment	4 years	Straight line

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.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(K). INTANGIBLE ASSETS

Software and licenses are intangible assets. Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years or the authorised lives of licenses.

CLASS OF INTANGIBLE ASSETS	EXPECTED USEFUL LIVES	AMORTISATION BASIS
Software and communication system	4 years	Straight line
Licenses	15 years	Straight line

(L). TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(M). EMPLOYEE BENEFITS

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(N). SHARE-BASED PAYMENTS

Equity-settled share-based payments in return for goods and services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments.

(O). ISSUED 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.

(P). GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(Q). PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(R). NEW AND REVISED ACCOUNTING STANDARDS

Standards affecting amounts reported and/or disclosures in the consolidated financial statements

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current year. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

The revised standard has changed the accounting for the annual leave obligations. As the Group does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This did change the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

As the Group does not have any retrospectively restatement or reclassification there is no impact on the financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

AASB 9 'Financial Instruments' and the relevant amending standards, effective for annual reporting periods beginning on or after 1 January 2017;

AASB 1031 'Materiality' (2013), effective for annual reporting periods beginning on or after 1 January 2014;

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities', effective for annual reporting periods beginning on or after 1 January 2014;

AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets', effective for annual reporting periods beginning on or after 1 January 2014;

AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting, effective for annual reporting periods beginning on or after 1 January 2014;

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities, effective for annual reporting periods beginning on or after 1 January 2014;

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', effective for annual reporting periods beginning on or after 1 January 2014;

INT 21 'Levies', effective for annual reporting periods beginning on or after 1 January 2014;

(S). CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment of Trade Receivables

The Group assesses at the end of each reporting period whether there is objective evidence regarding trade receivables and historical collections experience. Provisions are adjusted periodically to reflect the actual and anticipated experience.

Estimated Useful Lives of Intangible Assets

The Group reviews annually the estimated useful lives of its intangible assets based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of the intangible assets would increase the recorded amortisation and decrease the carrying value of the intangible assets.

Unearned Revenue

Provisions for unearned revenue are made for services which have not been rendered as at the period-end. Management estimates provisions based on marketing analysis as well as historical information. This might suggest that actual unearned revenue amounts may differ from provisions made for the unearned revenue at the period-end. The assumptions made in relation to the current period are consistent with those in the prior year.

Taxation

Balances disclosed in the Financial Statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

NOTE 3: REVENUE

The following is an analysis of the Group's revenue for the year.

	2014 $	2013 $
OPERATING ACTIVITIES		
- Revenue from sale of goods	289,783	33,619
- Revenue from sale of services	282,723	23,355
Discount and sales refund	(16,792)	(1,588)
TOTAL REVENUE	**555,714**	**55,386**

NOTE 4: EXPENSES

	2014 $	2013 $
EXPENSES		
Cost of sales	250,872	62,638
EMPLOYEE BENEFITS		
- Employee wages and salaries	287,481	146,608
- Employee benefits expense	46,248	19,855
TOTAL EMPLOYEE BENEFITS	**333,729**	**166,463**
Marketing and distribution	345,653	266,328
Consulting	416,013	199,994
DEPRECIATION AND AMORTISATION		
- Depreciation of plant and equipment	18,054	12,969
- Amortisation of intangible assets	37,655	16,149
TOTAL DEPRECIATION AND AMORTISATION	**55,709**	**29,118**
Provision for doubtful debtors	47,481	-

NOTE 5: INCOME TAX

	2014 $	2013 $
THE COMPONENTS OF TAX EXPENSE/(BENEFIT) COMPRISE:		
Current tax	-	-
Deferred tax	-	613,000
Adjustments for current tax of prior periods	-	(613,000)
TOTAL INCOME TAX BENEFIT	-	-
The prima facie tax on profit/(loss) is reconciled to the income tax as follows:		
Prima facie tax payable on pre-tax accounting profit from operations at 30% (2013: 30%)	(733,386)	(638,000)
Add tax effect of:		
- Other non-allowable items	468,599	45,000
- Deferred tax assets not brought to account	294,844	613,000
	30,057	20,000
Less tax effect of:		
- Deductible capital raising costs	30,057	20,000
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

DEFERRED TAX BALANCES

Deferred tax assets/(liabilities) arise from the following:

	Opening Balance 1/07/2012 $	Charged to profit and loss $	Closing Balance 30/06/2013 $	Charged to profit and loss $	Closing Balance 30/06/2014 $
Unused tax losses	2,258,000	(2,258,000)	-	-	-
Employee Entitlements	153,000	(153,000)	-	-	-
Other Provisions	1,340,000	(1,340,000)	-	-	-
Capital Raising Costs	319,000	(319,000)	-	-	-
Capitalised Costs	180,000	(180,000)	-	-	-
Stock	150,000	(150,000)	-	-	-
Other	280,000	(280,000)	-	-	-
	4,680,000	(4,680,000)	-	-	-

UNRECOGNISED DEFERRED TAX ASSETS:

	2014 $	2013 $
DEFERRED TAX ASSETS NOT RECOGNISED AT REPORTING DATE:		
- Net carry forward income losses	294,844	-
- Net carry forward capital losses	-	579,600
- Other unrecognised net deferred tax assets	219,475	-
	514,319	579,600

NOTE 6: AUDITORS REMUNERATION

	2014 $	2013 $
AUDITOR OF THE COMPANY:		
- Auditing or reviewing the financial report	13,000	-
- Other service	15,300	-
	28,300	-

NOTE 7: CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash and bank balances	4,976,277	167,525
RECONCILIATION TO CONSOLIDATED STATEMENT OF CASHFLOWS:		
Balances as above	4,976,277	167,525
Bank overdraft	(87,246)	-
BALANCES PER STATEMENT OF CASHFLOWS	4,889,031	167,525

NOTE 8: TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
CURRENT		
Trade debtors	108,659	5,457
Less allowance for doubtful debts	(47,481)	-
Trade debtors, net	61,178	5,457
Goods and services tax recoverable	50,877	10,617
Other receivables	52,132	24
	164,187	16,098
NON-CURRENT		
Other receivables	5,308	13,365

The average credit period on sale of goods is approximately 90 days. The sale of services is collected in advance. No interest is charged on the trade receivables. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts. Before accepting any new customers, the Group internally assess the potential customer's credit quality and defines credit limits by customer. Limits to customers are reviewed periodically.

	2014 $	2013 $
AGEING OF PAST DUE BUT NOT IMPAIRED		
Over 120 days	3,920	-
AGEING OF IMPAIRED TRADE RECEIVABLES		
Over 120 days	47,481	-
MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS		
Balance at beginning of the year	-	-
Impairment losses recognised on receivables	47,481	-
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	-	-
	47,481	-

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Of the trade receivables balance at the end of the year, there are two (2) customers who represent more than 5% of the total balance of trade receivables.

NOTE 9: INVENTORIES

	2014 $	2013 $
Finished goods at net realisable value	20,646	36,635

The cost of inventory recognised as an expense during the period in respect of continuing operations was $49,384 (2013: $21,778).

The cost of inventories recognised as an expense includes $2,458 (2013: nil) in respect of write-off of inventory that was obsolete and no longer for sale.

No inventories at 30 June 2014 (30 June 2013: nil) are expected to be recovered after more than twelve months.

NOTE 10: PLANT AND EQUIPMENT

	2014 $				2013 $			
	Tele-communication equipment	Furniture & Office Equipment	Motor Vehicles	Total	Tele-communication equipment	Furniture & Office Equipment	Motor Vehicles	Total
Cost	67,391	5,148	-	72,539	67,391	2,836	19,011	89,238
Accumulated depreciation	(28,618)	(992)	-	(29,610)	(11,770)	(188)	(1,011)	(12,969)
Net book amount	38,773	4,156	-	42,929	55,621	2,648	18,000	76,269
Opening net book amount	55,621	2,648	18,000	76,269	-	-	-	-
Additions	-	2,312	-	2,312	67,391	2,836	19,011	89,238
Disposals	-	-	(17,598)	(17,598)	-	-	-	-
Depreciation charge	(16,848)	(804)	(402)	(18,054)	(11,770)	(188)	(1,011)	(12,969)
Closing net book amount	38,773	4,156	-	42,929	55,621	2,648	18,000	76,269

NOTE 11: INTANGIBLE ASSETS

	2014 $			2013 $		
	Software & Tele communication System	Licences	Total	Software & Tele communication System	Licences	Total
Cost	113,000	141,072	254,072	113,000	-	113,000
Accumulated amortisation	(44,399)	(9,405)	(53,804)	(16,149)	-	(16,149)
Net book amount	68,601	131,667	200,268	96,851	-	96,851
Opening net book amount	96,851	-	96,851	-	-	-
Additions	-	141,072	141,072	113,000	-	113,000
Amortisation charge	(28,250)	(9,405)	(37,655)	(16,149)	-	(16,149)
Closing net book amount	68,601	131,667	200,268	96,851	-	96,851

SIGNIFICANT INTANGIBLE ASSETS

The Group holds significant licenses for exclusive use of certain technology to distribute goods and services. The capitalised licensed fee are amortised based on the authorised lives of the licenses.

NOTE 12: TRADE AND OTHER PAYABLES

	2014 $	2013 $
CURRENT		
Trade payables	1,058,826	64,829
Sundry creditors and other statutory liabilities	181,442	17,152
	1,240,268	81,981

Trade payables are unsecured and are usually paid within 30 – 60 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTE 13: BORROWINGS

	2014 $	2013 $
CURRENT		
Secured - Finance loan (i)	-	12,470
Unsecured		
Loan from other entity (ii)	8,066	-
Convertible loan (iii)	-	-
TOTAL CURRENT LIABILITIES	8,066	12,470

(i) The secured finance loan related to a motor vehicle purchased in 2013. The secured motor vehicle had a carrying amount of $18,000 at 30 June 2013. The loan originally had the terms of two years with an interest rate of 7.2% per annum. The finance lease liability was fully repaid during the year.

(ii) Fixed rate loan with a finance company with remaining maturity period less than one year. Interest rate on the loan is 11.05%. The carrying amount of the loan is assumed to be the same as its fair value, due to its short-term nature.

(iii) Following the shareholders' approval on an extraordinary general meeting conducted on 14 May 2014, the Company issued 3,100,000 ordinary shares (on a post-consolidation basis) to satisfy the conversion of a converting loan of $496,000. The converting loans were not interest bearing and had been borrowed to fund working capital. According to the terms of the finance agreement, the deemed conversion price was $0.16 per share.

NOTE 14: EMPLOYEE ENTITLEMENTS

	2014 $	2013 $
NON-CURRENT		
Employee entitlements	29,620	7,616
Total non-current provisions	29,620	7,616

The provision for employee entitlements relates to the Group's liability for annual leave. Based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The provision is calculated according to the estimated future cash outflows on a discounted basis.

NOTE 15: BACKDOOR LISTING

Following an extraordinary general meeting conducted on 23 May 2014 and relevant capital transactions completed on 12 June 2014, the Company issued 25 million ordinary shares and 12.5 million options (on a post-consolidation basis) to the vendors of AussieSim in consideration for the acquisition of 100% of the issued share capital in AussieSim. In addition, the Company issued another 25 million ordinary shares to raise $5 million capital and 3.1 million ordinary shares to settle a $0.496 million convertible loan (all together referred to as the "Capital Transaction")

After the Capital Transaction, the vendors of ZipTel Limited with 8 million ordinary shares became passive investors while the vendors of AussieSim acquired a majority shareholding and gained control over the new combined entity.

With nominal assets, ZipTel Limited acted as a non-operating public shell in the Capital Transaction. Under Australian Accounting Standards, the acquisition is accounted for as a continuation of AussieSim which has
become a listed company by exchanging equity interest with ZipTel Limited. Based on the Capital Transaction, AussieSim would have had to issue 1,506 shares to give ZipTel Limited's vendors the same percentage equity interest in the new group. The deemed shares valued at $843,360 (note 22) are recognised as a share-based payment expense.

Apart from the deemed shares, as part of the backdoor listing, AussieSim took over the monetary assets/(liabilities) transferred from ZipTel Limited as at the transaction date as follows:

	$
Loans and receivables	137,548
Bank overdraft	(25,669)
Loans and payable	(496,000)
Net monetary liabilities	(384,121)

The net monetary liabilities arising from the backdoor listing together with the share-based payment expense are accounted as part of AussieSim's listing expenses and have been charged to profit or loss.

NOTE 16: ISSUED CAPITAL

	2014		2013	
	Number of shares	**$**	**Number of shares**	**$**
Fully paid ordinary shares (post-consolidation basis)	61,100,079	7,224,516	7,440,000	1,225,000

Changes to the Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

FULLY PAID ORDINARY SHARES	**Number of shares (i)**	**$**
Balance at 1 July 2012	12,500,000	-
Issue of shares	3,707,500,000	1,225,000
Balance at 30 June 2013	3,720,000,000	1,225,000
Issue of shares as non-refundable deposits	280,000,000	-
Subscription of shares	-	148,000
	4,000,000,000	1,373,000
Consolidation of shares on a basis of 500:1(ii)	8,000,000	1,373,000
Issue of shares to satisfy conversion of the converting loan	3,100,000	496,000
Issue of shares under the capital transaction (iii)	25,000,079	843,360
Issue of shares to raise capital	25,000,000	5,000,000
Capital raising costs	-	(487,844)
	61,100,079	7,224,516

(i) The equity structure of AussieSim (the accounting parent) is restated using the exchange ratio established in the acquisition to reflect the number of shares of the Company (the legal parent), including the equity interests issued to effect the capital transaction. Comparative information presented is also retroactively adjusted to reflect the legal capital of the Company.

(ii) Following an extraordinary general meeting conducted on 23 May 2014, the Company consolidated the number of shares on issue on a one (1) for 500 basis.

(iii) The fair value of shares deemed to be issued for the capital transaction was determined by reference to the latest share transaction with an independent party (note 21).

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid on the shares held.

	Number of Options 2014 $	Number of Options 2013 $
MOVEMENTS IN OPTIONS		
Balance at the beginning of the financial year	-	-
Options granted to raise capital	12,500,000	-
Options granted under the capital transactions	12,500,000	-
Options granted as a share-based payment for consulting service	3,500,000	-
Options exercised during the year	-	-
Options lapsed during the year	-	-
BALANCE AT THE END OF THE FINANCIAL YEAR	28,500,000	-

All options on issue are exercisable on a 1:1 basis for the Company's ordinary shares and carry no rights to dividends and no voting rights. Options are at an exercisable price of $0.30 each on or before 31 December 2016.

NOTE 17: RESERVES

	2014 $	2013 $
Option Reserve	180,186	-
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	-	-
Options granted during the year		-
- Share-based payment for service	180,186	-
Balance at the end of the financial year	180,186	-

NOTE 18: LOSS PER SHARE

	2014 $	2013 $
RECONCILIATION OF LOSS USED IN CALCULATING LOSS PER SHARE:		
Loss attributable to owners of the Company	(2,444,621)	(896,122)
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares for the purposes of basic loss per share	27,764,110	7,330,137

As the Company has made a loss for the year ended 30 June 2014, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTE 19: DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

NOTE 20: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014 $	2013 $
Loss after income tax	(2,444,621)	(896,122)
NON CASH ITEMS		
Depreciation and amortisation expenses	55,709	29,118
Write-off inventories	2,458	-
Share-based payment expenses	1,023,546	-
Provision for employee entitlements	22,004	7,616
Provision on impairment receivables	47,481	-
Loss on disposal of plant and equipment	4,870	-
Exchange differences	(723)	(1,119)
CHANGES IN ASSETS AND LIABILITIES:		
Increase in trade and other receivables	(193,037)	(35,041)
Decrease / (Increase) in inventories	13,531	(36,635)
Increase in trade and payables	504,542	49,328
Increase in other operating liabilities	10,183	4,174
Net cash outflow from operating activities	(954,057)	(878,681)

NON-CASH TRANSACTIONS

Apart from the backdoor listing detailed in note 15, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cashflows:

(i) The Company issued 3,100,000 ordinary shares to satisfy the conversion of a converting loan of $496,000 as disclosed in note 13;

(ii) Issue of 3,500,000 options at a value of $180,186 in exchange of advisory services as disclosed in note 21.

NOTE 21: SHARE-BASED PAYMENTS

The Company issued 3,500,000 options exercisable at $0.30 on or before 31 December 2016 in return for advisory service from an independent party. Options are granted under a corporate advisory agreement for no consideration. The options do not have vesting conditions.

The table below summaries the share-based payment options granted by the Company during the year:

	2014		2013	
	Number	Weighted average exercise price	Number	Weighted average exercise price
OUTSTANDING AT THE BEGINNING OF THE YEAR	-	-	-	-
Granted	3,500,000	0.30	-	-
Forfeited/cancelled	-	-	-	-
Outstanding at year end	3,500,000	0.30	-	-
Exercisable at year end	3,500,000	0.30	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.5 years and the exercise price is 30 cents. The weighted average fair value of the options granted during the year was 7.355 cents. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2014	2013
Weighted average exercise price (cents)	30.00	-
Weighted average life of the option (years)	2.5	-
Weighted average underlying share price (cents)	16.00	-
Expected share price volatility	100%	-
Weighted average risk free interest rate	2.5%	-

No other features of the option grant are incorporated into the measurement of fair value, including market condition. Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

As detailed in note 15, AussieSim would have had to issue 1,506 shares for listing purpose. The fair value of each deemed share is $560, which is the latest payment for share subscription before the Capital Transaction.

Expenses arising from share-based payment transactions:

	2014 $	2013 $
Share-based payment expense recognised for advisory services	180,186	-
Share-based payment expense recognised for backdoor listing	843,360	-
	1,023,546	-

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors of the Company and the Group is set out below:

	2014 $	2013 $
Short term benefits	213,834	206,177
Post-employment benefits	12,333	8,250
	226,167	214,427

Detailed remuneration disclosures are provided in the remuneration report on pages 14 to 17.

NOTE 23: RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of ZipTel Limited and the subsidiaries listed in the following table

Name	Country of Incorporation	Principal Activities	% Equity Interest 2014	% Equity Interest 2013
AussieSim Pty Ltd	Australia	Telecommunication	100%	-
Roam Like Home Pty Ltd	Australia	Telecommunication	100%	-

ZipTel Limited is the ultimate legal Australian parent entity and ultimate legal parent of the Group.

TRANSACTIONS WITH RELATED PARTIES

(1) LOANS FROM/TO RELATED PARTIES

	2014 $	2013 $
Intergroup Loan (i)	106,000	-
Loan from Umberto Mondello	71,300	-
Loan from Keaton Wallace	79,235	-
	256,535	-

(i) Loan provided by ZipTel Limited to AussieSim Pty Ltd. The balance is eliminated in the consolidated financial statements.

All loans with related parties remain outstanding at the year-end. Loans are unsecured, interest free and settlement occurs in cash.

(2) OTHER TRANSACTIONS WITH RELATED PARTIES

The Group acquired the following goods and services as follows.

	2014 $	2013 $
Purchase from iCommunciation Pty Ltd (a company related to Umberto Mondello) for administration services	66,041	59,681
Purchase from Hunt & Humphry (an entity related to Joshua Hunt) for legal services	100,411	25,917
Purchase from Plexus Global Consultants (an entity related to Salvatore Vallelonga) for accounting services	111,844	9,200
Payment made to CV Wolf Enterprise as remuneration for Keaton Wallace's director service	57,500	108,510
	335,796	203,308

All transactions were made on normal commercial terms and conditions and at market rates.

(3) OUTSTANDING BALANCES WITH RELATED PARTIES

	2014 $	2013 $
Umberto Mondello	71,300	-
Keaton Wallace	79,235	-
Joshua Hunt	17,600	-
iCommunciation Pty Ltd	1,338	-
Hunt & Humphry	100,411	-
Plexus Global Consultants	111,844	2,200
	381,728	2,200

All the outstanding balances with related parties are included in trade and other payables in note 12.

NOTE 24: CAPITAL AND LEASING COMMITMENTS

The Group did not have any capital or lease commitments at 30 June 2014 (30 June 2013: nil).

NOTE 25: SEGMENT REPORTING

(1) DESCRIPTION OF SEGMENTS

The Group's executive directors examine the Group's performance from a product perspective and have identified three reportable segments of its business, being simcard packages, overseas mobile services and call forwarding services.

(2) SEGMENT REVENUE AND RESULTS

	SEGMENT REVENUE		SEGMENT PROFIT	
CONTINUING OPERATIONS	**2014 $**	**2013 $**	**2014 $**	**2013 $**
Sim card packages and handsets	289,783	33,619	195,377	11,841
Overseas mobile services	257,699	21,395	118,290	(10,109)
Call forwarding	25,024	1,960	22,869	1,586
Unallocated sales discount and refund	(16,792)	(1,588)	(16,793)	(1,588)
Unallocated cost of sales	-	-	(62,382)	(8,982)
	555,714	55,386	257,361	(7,252)
Other income	-	-	14,568	21,343
Corporate and administration	-	-	(2,392,323)	(885,777)
Depreciation and amortisation	-	-	(55,709)	(29,118)
Finance Costs	-	-	(11,157)	(2,570)
LOSS BEFORE INCOME TAX	-	-	(2,444,621)	(896,122)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of central corporate and administration costs, employee benefits, depreciation and amortisation, and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(3) SEGMENT ASSETS AND LIABILITIES

	2014 $	2013 $
SEGMENT ASSETS		
Sim card packages and handsets	202,818	130,252
Overseas mobile services	127,797	71,209
Call forwarding	10,449	5,245
Total segment assets	341,064	206,706
Unallocated and corporate assets	5,074,403	200,364
TOTAL ASSETS	5,415,467	407,070
TOTAL ASSETS INCLUDES ADDITIONS TO NON-CURRENT ASSETS	143,384	202,238
SEGMENT LIABILITIES		
Sim card packages and handsets	56,814	-
Overseas mobile services	48,720	20,583
Call forwarding	4,216	-
Total segment liabilities	109,750	20,583
Unallocated and corporate liabilities	1,269,807	85,658
TOTAL LIABILITIES	1,379,557	106,241

For the purposes of monitoring segment performance and allocating resources between segments:

(i) all assets are allocated to reportable segments other than cash, GST receivables, office equipment, and certain other receivables. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

(j) all liabilities are allocated to reportable segments other than bank overdraft, borrowings, and corporate creditors. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(4) INFORMATION ABOUT MAJOR CUSTOMERS

The Group has no external customers that represent more than 10% of total Group revenue. ZipTel Limited is not reliant on any of its major customers.

NOTE 26: RISK MANAGEMENT

(A) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 7, and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16, 17 and 19.

Operating cash flows are used to maintain and expand the Group's operational assets, as well as to make the routine outflows of tax and repayment of maturing payables and debt.

In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

(B) FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board as a whole.

The Group holds the following financial instruments:

	2014 $	2013 $
FINANCIAL ASSETS - CURRENT		
Cash and cash equivalents	4,976,277	167,525
Trade and other receivables	169,495	16,098
	5,145,772	183,623
FINANCIAL LIABILITIES - CURRENT		
Bank overdraft	87,246	-
Trade and other payables	1,240,268	81,981
Borrowings	8,066	12,470
	1,335,580	94,451

(C) Market Risk

(i) Foreign Exchange Risk

The Group does not have foreign currency holding, however, the Group has entered into service agreements which were valued in US dollars and UK pound sterling. No financial instruments have been entered into to manage this risk.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings and term deposits was nil at 30 June 2014 (30 June 2013: nil). All other financial assets and liabilities are non interest bearing.

(iii) Group Sensitivity

At 30 June 2014, if interest rates had increased or decreased by 100 basis points from the period end rates with all other variables held constant, loss before income tax for the period would have been $100 higher/$100 lower (2013: nil), mainly as a result of higher/lower interest expense from bank overdraft and borrowings.

(D) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover will be purchased. At the date of reporting, the Group has not acquired any credit guarantee insurance cover on any customer as no such risks have been identified.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The

Group is not exposed to any credit risk on derivative financial instruments as the Group has not acquired any and does not use them in the course of its normal operations.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

(E) Liquidity Risk Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through the equity market to meet obligations when due. At the end of the reporting period the Group held deposits of some $4.9 million (2012: $0.17 million) with no maturities greater than 3 months that are expected to readily generate cash inflows for managing liquidity risk.

(F) Fair Value of Financial Instruments

The Group determines the fair values of financial assets and liabilities in accordance with accounting policies as disclosed in Note 1 to the financial statements.

The directors consider that the carrying amount of financial assets and financial liabilities in the financial statements approximates their fair values. Fair value is based on a Level 2 hierarchy for loans and borrowings based on market rates for similar assets and liabilities. The Group does not hold any derivatives, financial assets for trading, nor available for sale financial assets at the reporting date.

NOTE 27: PARENT ENTITY INFORMATION

The following details information related to the parent entity, AussieSim Pty Ltd, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2014 $	2013 $
Current Assets	5,166,962	220,585
Non-current Assets	255,305	186,485
TOTAL ASSETS	5,422,267	407,070
Current Liabilities	1,349,937	98,625
Non-current Liabilities	29,620	7,616
TOTAL LIABILITIES	1,379,557	106,241
Contributed equity	7,224,516	1,225,000
Reserves	180,186	-
Accumulated Losses	(3,361,992)	(924,171)
TOTAL EQUITY	4,042,710	300,829
Revenue for the year	570,281	76,729
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(2,444,621)	(896,122)

NOTE 28: CONTINGENCIES

The Company is involved in a Magistrates Court (Number 18320 of 2013) claim against it by Cooneen Textiles Ltd in relation to an alleged breach of a guarantee entered into by the Company when it was a sportswear manufacturer. In reliance upon independent legal advice the Directors believe that there is little merit to the claim and that the prospects of any adverse finding against the Company are minimal.

NOTE 29: SUBSEQUENT EVENTS

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2014, except for the exclusive agreement with Trafalgar Tours (Aust.) Pty Ltd to supply and distribute ZipTel's AussieSim mobile products to all Trafalgar customers travelling during the six month period from August 2014 to January 2015.

NOTE 30: COMPANY DETAILS

The registered office and the principal place of business are:

- Registered office – Suite 9, 330 Churchill Avenue, Subiaco WA 6008
- Principal place of business – 1/91 Hay Street, Subiaco, WA 6007

ADDITIONAL SECURITIES EXCHANGE INFO

NUMBER OF HOLDINGS OF EQUITY SECURITIES AS AT 30 SEPTEMBER 2014

The fully paid issued capital of the Company consisted of 61,100,079 ordinary fully paid shares held by 737 shareholders. Each share entitles the holder to one vote.

There are no options over ordinary shares. Options do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES AS AT 30 SEPTEMBER 2014

SPREAD OF HOLDINGS	HOLDERS	SECURITIES	% OF ISSUED CAPITAL
1 -1,000	364	70,148	0.11%
1,001 -5,000	86	219,397	0.36%
5,001 -10,000	75	680,978	1.11%
10,001 -100,000	140	5,972,812	9.78%
100,001 -9,999,999	72	54,156,744	88.64%
TOTAL	**737**	**61,100,079**	**100.00%**

UNMARKETABLE PARCELS	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $500.00 parcel at $0.15 per unit	$500	427	190,356

COMPANY SECRETARY
Miss Loren Jones

REGISTERED OFFICE
C/- Cicero Corporate Services Pty Ltd
Suite 9, 330 Churchill Avenue
SUBIACO WA 6008

SHARE REGISTRY
Security Transfer Registrars Pty Ltd
Alexandrea House
Suite 1, 770 Canning Highway
APPLECROSS WA 6153
Tel: +61 (08) 9315 2333

PRINCIPAL PLACE OF BUSINESS
Level 1, 91 Hay Street
SUBIACO WA 6008
Tel: +61 (08) 6252 4224

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 30 SEPTEMBER 2014

RANK	SHAREHOLDER	DESIGNATION	UNITS	% OF ISSUED CAPITAL
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		10,000,200	16.37%
2.	UCM HOLDINGS LIMITED		8,307,500	13.60%
3.	KW INVESTMENT HOLDINGS PTY LTD		7,287,500	11.93%
4.	MS SUZANNE RUMBLE	(RON SUPER FUND A/C)	2,100,000	3.44%
5.	CITICORP NOMINEES PTY LIMITED		1,585,926	2.60%
6.	SAYERS INVESTMENTS (ACT) PTY LTD	(SAYERS SUPER FUND A/C)	1,537,500	2.52%
7.	SAYERS INVESTMENTS (ACT) PTY LIMITED	(THE SAYERS INVEST NO 2 A/C)	1,500,000	2.45%
8.	RYLET PTY LTD		1,400,000	2.29%
9.	LYDIAN ENTERPRISES PTY LTD	(LYDIAN A/C)	1,250,000	2.05%
10.	GFN NOMINEES PTY LTD	(GFN FAMILY SUPER FUND A/C)	1,000,000	1.64%
11.	HOT CLOTHING COMPANY PTY LTD	(C D WILKS SUPER FUND A/C)	1,000,000	1.64%
12.	MS LORAINE VON DER WEID-DE WECK		1,000,000	1.64%
13.	MR MATHEW DONALD WALKER		915,000	1.50%
14.	MR DAVID ANTHONY PALERMO	(D & F PALERMO FAMILY A/C)	875,000	1.43%
15.	KEYSQUARED PTY LTD		700,000	1.15%
16.	SABRELINE PTY LTD	(JPR INVESTMENT A/C)	650,000	1.06%
17.	NYG PTY LTD	(JNH LAW FUND A/C)	525,000	0.86%
18.	RYLET PTY LTD		513,071	0.84%
19.	KAZAKCO PTY LTD	(KENT FAMILY A/C)	500,000	0.82%
20.	LYDIAN ENTERPRISES PTY LTD		500,000	0.82%

TWENTY LARGEST OPTIONHOLDERS OF QUOTED EQUITY SECURITIES

TOP 20 HOLDERS OF OPTIONS AT 30 SEPTEMBER 2014

RANK	OPTIONHOLDER	DESIGNATION	UNITS	% OF ISSUED CAPITAL
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		5,187,500	18.20%
2.	UCM HOLDINGS LIMITED		4,153,750	14.57%
3.	KW INVESTMENT HOLDINGS PTY LTD		3,621,250	12.71%
4.	COLBERN FIDUCIARY NOMINEES PTY LTD		3,500,000	12.28%
5.	MS SUZANNE RUMBLE	(RON SUPER FUND A/C)	1,050,000	3.68%
6.	SAYERS INVESTMENTS (ACT) PTY LIMITED	(THE SAYERS INVEST NO 2 A/C)	750,000	2.63%
7.	RYLET PTY LTD		700,000	2.46%
8.	LYDIAN ENTERPRISES PTY LTD	(LYDIAN A/C)	625,000	2.19%
9.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD		600,000	2.11%
10.	GFN NOMINEES PTY LTD	(GFN FAMILY SUPER FUND A/C)	500,000	1.75%
11.	HOT CLOTHING COMPANY PTY LTD	(C D WILKS SUPER FUND A/C)	500,000	1.75%
12.	MR DAVID ANTHONY PALERMO	(D & F PALERMO FAMILY A/C)	437,500	1.54%
13.	KEYSQUARED PTY LTD		350,000	1.23%
14.	NYG PTY LTD	(JNH LAW FUND A/C)	262,500	0.92%
15.	KAZAKCO PTY LTD	(KENT FAMILY A/C)	250,000	0.88%
16.	LYDIAN ENTERPRISES PTY LTD		250,000	0.88%
17.	MAMBAT PTY LTD		225,000	0.79%
18.	MR GAVIN SMITH		205,000	0.72%
19.	MR JESSE MOORE		176,250	0.62%
20.	MR DAMIEN WILSON	(DR WILSON A/C)	175,000	0.61%