

Results for announcement to market	Up / Down	% Change	31 Mar 2016	30 June 2015
			\$	\$
Revenues from ordinary activities	UP	27%	6,055,037	4,757,407
(Loss)/profit from after tax from ordinary activities attributable to members	UP	8%	(4,126,124)	(4,498,029)
(Loss)/profit attributable to members	UP	8%	(4,126,124)	(4,498,029)

Dividend Information	Amount per share	Franked Amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

Tangible Asset Backing per Ordinary Share	Cents	
Tangible asset backing per ordinary share – previous reporting period	(188,197,501 shares)	4.7
Tangible asset backing per ordinary share – current reporting period	(190,989,501 shares)	3.6

Commentary on the Results for the Period

Review of Operations

In March 2015, Flexiroam Limited completed the acquisition of Flexiroam Sdn. Bhd. For accounting purposes, Flexiroam Sdn. Bhd. has been identified as the accounting acquirer of the Group. The accompanying consolidated financial statements represent a continuation of Flexiroam Sdn. Bhd.'s financial statements. The results for the 9-month ended 31 March 2016 represent the performance of Flexiroam Sdn. Bhd. and the performance of Flexiroam Limited. The comparative period results reflect full year of Flexiroam Sdn. Bhd. plus Flexiroam Limited from the date of acquisition from 18 March 2015 to 30 June 2015.

The loss after tax of the Group for the 9-months ended 31 March 2016 was \$4,126,124. This is attributable to the following:

Increase in Sales

- Sales for the 9-month period ended 31 March 2016 increased by 27%, compared to the full year comparative results ended 30 June 2015;
- the increase in sales was primarily due to the increase in sales to travel agencies (corporate sales); and
- corporate sales was 95% of total sales (2015 : 81%)

Increase in Cost of Sales

- Total cost of sales in 2016 was 52% higher than in 2015;
- the increase in the costs of sales was attributed to the aggressive customer acquisition activities, resulting in an accumulated subscriber base of 815,228 as at 31 March 2016.

Loss for the period

- The loss for the period was due primarily to depreciation and amortisation and write-off of development expenditure and intangible assets;
- Increase in administration and operating expenses as a result of increase in marketing, promotion expenses, as well as substantial increase in personnel expenses.

Review of Operations (continued)

Flexiroam is a leading prepaid international mobile roaming service provider focused on allowing consumers to stay connected to their home country using their existing number while traveling overseas. Through its innovative wholly-owned technologies, Flexiroam offers international outbound travellers worldwide unlimited flat-rate voice and data roaming services in over 217 countries and territories. As at 31 March 2016, Flexiroam has 815,228 subscribers and over 100 travel agency partners including major airlines such as AirAsia X.

In July 2015, Flexiroam announced a joint-marketing collaboration with global payment platform PayPal Ltd, to provide its customers with a simple, secure and convenient purchasing method in addition to giving a 30% discount to customers who purchase via PayPal.

In July 2015, Flexiroam entered into a strategic partnership agreement with Voxbone, a global Cloud telecommunications provider. Voxbone provides Flexiroam with wider coverage and cost reduction for voice and SMS access.

In August 2015, Flexiroam entered into a network partnership with Knowlarity to build a strong presence in India that has an estimated \$167 million roaming market. Knowlarity has an extensive network infrastructure throughout India.

In November 2015, Flexiroam launched its new free smart roaming application for Android and iOS. The Flexiroam App empowers travellers to stay connected whilst abroad or at home without incurring excessive roaming fees or international call charges. The app allows users to communicate with one another for free over an internet connection using its in-built voice, video and messaging features. In addition, users will be able to purchase dedicated local numbers from up to 55 different countries giving them an instant global presence for as low as US\$1 per month. The app also allows off-net calls, enabling calls from app to landlines and international numbers for as little as US\$0.01 a minute.

In 18 November 2015, Gerard Kho resigned as Director of Flexiroam Limited and was replaced by Dato Larry Gan.

Audit

This Preliminary Final Report is based on the Annual Financial Report which is in the process of being audited.



Jefrey Ong
Managing Director
Signed at Kuala Lumpur on this 16th day in May 2016

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2016

	Notes	Period ended 31 March 2016 \$	Year ended 30 June 2015 \$
Sales	1	6,055,037	4,757,407
Cost of sales	2	(6,173,406)	(4,049,358)
Gross (loss)/profit		(118,369)	708,049
Government grant		18,210	123,698
Interest received		128,046	14,354
Foreign exchange gains		384,200	7,899
Other income		4,915	7,923
Administration and operating expenses	3	(762,953)	(1,405,630)
Research and development		(106,449)	-
Staff costs		(726,315)	(317,482)
Depreciation and amortisation		(1,610,709)	(190,781)
Allowance for doubtful accounts		(122,292)	-
Finance expenses		(6,207)	(7,655)
Share-based payment		(544,440)	(299,993)
Loss on acquisition		-	(3,137,638)
Impairment of available-for-sale asset		(3,400)	-
Impairment of intangible assets	9	(535,504)	-
Impairment of development expenditure	6	(121,998)	-
Loss before income tax		(4,123,265)	(4,497,256)
Income tax expense		(2,859)	(773)
Loss for the period		(4,126,124)	(4,498,029)
Other comprehensive (loss)/income			
Items that may be re-classified to profit or loss:			
Foreign exchange translation		(1,258,125)	785,542
Total comprehensive loss for the period		(5,384,249)	(3,712,487)
Loss per share (basic and diluted)		(0.02)	(0.04)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position as at 31 March 2016

	Note	As at 31 Mar 2016 \$	As at 30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		6,709,289	8,623,528
Trade and other receivables		103,556	341,604
Inventory		-	5,437
Available-for-sale financial assets		10,200	13,600
Convertible note	4	-	57,072
Loan receivable	5	-	43,818
Total Current Assets		6,823,045	9,085,059
NON-CURRENT ASSETS			
Development expenditure	6	-	144,147
Intellectual property	7	18,494,452	20,647,648
Plant and equipment	8	304,231	52,937
Intangible assets	9	-	619,372
Total Non-Current Assets		18,798,683	21,464,104
Total Assets		25,621,728	30,549,163
CURRENT LIABILITIES			
Trade and other payables		101,716	262,009
Borrowings		13,311	-
Deferred revenue	9	754	-
Total Current Liabilities		115,781	262,009
NON-CURRENT LIABILITIES			
Borrowings		55,743	-
Deferred tax		4,361	1,502
Total Non-Current Liabilities		60,104	1,502
Total Liabilities		175,885	263,511
Net Assets		25,445,843	30,285,652
EQUITY			
Issued capital	11	35,863,139	35,318,699
Reserves		(1,361,087)	(102,962)
Accumulated losses		(9,056,209)	(4,930,085)
Total Equity		25,445,843	30,285,652

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

Condensed consolidated statement of changes in equity for the period ended 31 March 2016

	Issued Capital \$	Option Reserves \$	Forex Translation Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2014	21,029,757	-	(1,188,497)	(432,056)	19,409,204
Total comprehensive profit/ (loss) for the period	-	-	785,542	(4,498,029)	(3,712,487)
Capital issued during the year	14,854,547	-	-	-	14,854,547
Share issue costs	(565,605)	-	-	-	(565,605)
Share-based payments	-	299,993	-	-	299,993
Balance at 30 June 2015	35,318,699	299,993	(402,955)	(4,930,085)	30,285,652
Balance at 1 July 2015	35,318,699	299,993	(402,955)	(4,930,085)	30,285,652
Total comprehensive loss for the period	-	-	(1,258,125)	(4,126,124)	(5,384,249)
Capital issued during the period	544,440	-	-	-	544,440
Balance at 31 March 2016	35,863,139	299,993	(1,661,080)	(9,056,209)	25,445,843

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

Condensed consolidated statement of cash flows for the period ended 31 March 2016

	Note	Period ended 31 March 2016 \$	Year ended 30 June 2015 \$
Cash flows from operating activities			
Receipts from customers		4,013,206	1,063,707
Payments to suppliers and employees		(5,740,107)	(2,093,754)
Interest paid		(6,752)	(7,655)
Interest received		135,118	7,403
Net cash flows (used in)/ provided by operating activities	12	(1,598,535)	(1,030,299)
Cash flows from investing activities			
Purchase of plant and equipment		(230,147)	(32,819)
Cash acquired on acquisition of Flexiroam Limited		-	313,190
Proceeds from convertible note		50,000	50,000
Net cash flows (used in)/provided by investing activities		(180,147)	330,371
Cash flows from financing activities			
Government grants		18,210	139,565
Proceeds from issue of share capital		-	9,259,500
Payments for share issue costs		-	(411,410)
Loan receivable – additional loan		(77,123)	43,818
Borrowings - proceeds		73,310	183,240
Borrowings - payments		(4,256)	-
Net cash flows (used in)/provided by financing activities		10,141	9,214,713
Net (decrease)/increase in cash and cash equivalents		(1,768,541)	8,514,785
Cash and cash equivalents at the beginning of the period			
		8,623,528	143,774
Foreign exchange fluctuations on opening cash balances		(145,698)	(35,031)
Cash and cash equivalents at the end of the period		6,709,289	8,623,528

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

Notes to the condensed consolidated financial statements

NOTE 1 REVENUE

	Period ended 31 March 2016	Year ended 30 June 2015
	\$	\$
Corporate ¹	5,727,669	3,838,911
Consumer ²	327,368	918,496
	6,055,037	4,757,407

¹ Corporate sales consist of business to business transactions involving local and foreign travel agencies and companies.

² Consumer sales consist of business to consumer transactions involving local and foreign travellers.

NOTE 2 COST OF SALES

	Period ended 31 March 2016	Year ended 30 June 2015
	\$	\$
Network costs	330,866	265,206
Marketing	5,727,669	3,521,957
Material costs	68,443	112,430
Commissions due	31,002	120,674
Research expenditure	15,426	29,091
	6,173,406	4,049,358

NOTE 3 ADMINISTRATION AND OPERATING EXPENSES

	Period ended 31 March 2016	Year ended 30 June 2015
	\$	\$
Advertising and promotion	229,332	133,310
Office equipment and general maintenance	8,542	6,902
Others costs	43,836	25,099
Professional fees	169,000	882,437
Rental	178,663	145,562
Software and stationery	40,745	25,758
Talent and recruitment	12,038	128,938
Travelling and transportation	66,425	35,688
Utilities	14,372	21,936
	762,953	1,405,630

NOTE 4 CONVERTIBLE NOTE

	As at 31 Mar 2016 \$	As at 30 June 2015 \$
Opening balance	57,072	50,000
Interest receivable	(7,072)	7,072
Interest received	7,603	
Repayment of convertible note	(57,603)	-
Closing balance	<u>-</u>	<u>57,072</u>

In August 2015, Flexiroam Limited received full repayment of the convertible note including interest.

NOTE 5 LOAN RECEIVABLE

	As at 31 Mar 2016 \$	As at 30 June 2015 \$
Opening balance	43,818	-
Additional loan	77,123	43,818
Repayment of loan	(119,550)	
Foreign exchange translation effects	(1,391)	-
Closing balance	<u>-</u>	<u>43,818</u>

During the period ended 31 March 2016, Flexiroam Sdn. Bhd. entered into an agreement with Reapfield Technology Sdn. Bhd. to acquire an asset which consists of Beamer and an Unlimited User License (“Roaming Beamer”). The loan receivable from Reapfield Technology Sdn. Bhd. was used to offset against the acquisition costs of roaming beamer.

NOTE 6 DEVELOPMENT EXPENDITURE

	As at 31 Mar 2016 \$	As at 30 June 2015 \$
Carrying value opening balance	144,147	166,265
Amortisation	(15,426)	(29,091)
Impairment loss	(121,998)	-
Foreign exchange translation effects	(6,723)	6,973
Carrying value closing balance	<u>-</u>	<u>144,147</u>

Expenditure on research activities are capitalised as development expenditure and amortised over a 10-year period.

Due to reported operating losses which constitute an indicator of impairment, the management has taken the position to write-off the development expenditure during the financial period.

NOTE 7 INTELLECTUAL PROPERTY

The intellectual property asset is known as Flexiroam Malaysia, an international roaming service for Malaysians who travel overseas to make and receive unlimited calls at a fixed rate by linking their home number to their overseas number. It operates on a sophisticated integrated network of services, forming a unified system known as the ‘Flexiroam Tracking System’ (FTS).

NOTE 7 INTELLECTUAL PROPERTY (CONTINUED)

Intellectual property is an intangible asset with finite life of 10 years and is stated at cost. As at 31 March 2016, Flexiroam Malaysia holds 1 patent in Malaysia and 1 patent in India.

Due to reported operating losses which constitute an indicator of impairment, the management has undertaken impairment test in intellectual property. The recoverable amount, which is based upon five-year cashflow forecasts at a discount rate of 15% per annum, is in excess of the carrying value of the assets. No allowance for impairment loss on assets is therefore required.

	As at 31 Mar 2016 \$	As at 30 June 2015 \$
Carrying value opening balance	20,647,648	19,844,551
Amortisation	(1,452,432)	-
Foreign exchange translation effects	(700,764)	803,097
Carrying value closing balance	18,494,452	20,647,648

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2016, the Group's property, plant and equipment consist of the following:

	Furniture & fittings \$	Office equipment \$	Computer \$	Renovation \$	Motor Vehicle \$	Beamer \$	Total \$
AT COST							
As at 1 July 2015	1,308	18,881	6,127	42,326	-	-	68,642
Additions	9,194	10,068	6,746	119,982	99,258	44,392	289,640
Foreign exchange effects	(333)	(917)	(408)	(5,138)	(3,142)	(1,405)	(11,343)
As at 31 March 2016	10,169	28,032	12,465	157,170	96,116	42,987	346,939
ACCUMULATED DEPRECIATION							
As at 1 July 2015	358	5,751	710	8,886	-	-	15,705
Depreciation expense for the	1,033	3,364	1,015	13,584	7,922	354	27,272
Foreign exchange effects	6	(224)	(11)	(131)	87	4	(269)
As at 31 March 2016	1,397	8,891	1,714	22,339	8,009	358	42,708
CARRYING AMOUNT							
As at 31 March 2016	8,772	19,141	10,751	134,831	88,107	42,629	304,231

NOTE 9 INTANGIBLE ASSET

	As at 31 Mar 2016 \$	As at 30 June 2015 \$
Carrying value opening balance	619,372	461,570
Additions	76,567	-
Amortisation	(131,005)	(176,651)
Impairment loss	(535,504)	-
Foreign exchange translation effects	(29,430)	334,453
Carrying value closing balance	-	619,372

NOTE 9 INTANGIBLE ASSET (CONTINUED)

Expenditure on the acquisition of customer database and roaming beamer unlimited user license are capitalised as intangible assets and amortised over a 5-year and 10-year period respectively.

Due to reported operating losses which constitute an indicator of impairment, the management has taken the position to write-off the intangible assets during the financial period.

NOTE 10 DEFERRED REVENUE

Advance billing to customer give rise to provisions for unearned revenue in respect of services which have not been rendered as at the end of the reporting period.

NOTE 11 ISSUED CAPITAL

	Number	\$
Ordinary shares issued (net of share issue costs)	190,989,501	35,863,138
Reconciliation		
Balance at 1 July 2014	60,000,000	21,029,757
Adjustment on acquisition of Flexiroam Limited	32,200,001	647,000
Elimination of the historical value of Flexiroam Limited issued capital	-	(647,000)
Elimination of Flexiroam Malaysia issued capital	(60,000,000)	-
Share issue – 18 March 2015 ¹	105,000,000	4,855,047
Share issue – 19 March 2015 ²	2,000,000	200,000
Share issue – 10 June 2015 ³	46,297,500	9,259,500
Share issue – 10 June 2015 ⁴	2,700,000	540,000
Capital raising costs	-	(565,605)
Balance at 30 June 2015	188,197,501	35,318,699
Balance at 1 July 2015	188,197,501	35,318,699
Share issue – 29 January 2016 ⁵	2,792,000	544,440
Balance at 31 March 2016	190,989,501	35,863,139

¹ On 18 March 2015, 15,000,000 shares were issued at \$0.01 per share in repayment of loans to Flexiroam Sdn. Bhd. by Reapfield Technology Sdn. Bhd. On 18 March 2015, 90,000,000 shares were issued at \$0.01 per share acquisition consideration.

² On 19 March 2015, 2,000,000 shares were issued at \$0.01 per share under Sophisticated Placement Raising.

³ On 10 June 2015, 46,297,500 shares were issued at \$0.20 per share under a Replacement Prospectus.

⁴ On 10 June 2015, 2,700,000 shares were issued at \$0.20 per share under a Replacement Prospectus.

⁵ On 29 January 2016, in accordance with the Company's Performance Rights Plan, 2,792,000 fully paid ordinary shares were issued to employees of Flexiroam Sdn. Bhd. following the achievement of a revenue milestone.

NOTE 12 CASH FLOW INFORMATION

Reconciliation of the loss for the year to net cash flows from operating activities:

	As at 31 Mar 2016	As at 30 June 2015
	\$	\$
Loss for the year	(4,126,124)	(4,498,029)
Tax	2,859	-
Depreciation and amortisation	1,610,709	190,781
Forex gain	(384,200)	-
Loss on acquisition	-	3,137,638
Share-based payment	544,440	299,993
Government grants	(18,210)	(139,565)
Interests earned on convertible notes	7,072	-
Impairment of available-for-sale asset	3,400	-
Impairment of intangible assets	535,504	-
Impairment of development expenditure	121,998	-
(Increase)/Decrease in current receivables	258,118	(26,538)
(Increase)/Decrease in inventory	5,437	(5,437)
Increase/(Decrease) in current liabilities	(160,292)	10,062
Increase/(Decrease) in deferred revenue	754	796
Net cash from operating activities	<u>(1,598,535)</u>	<u>(1,030,299)</u>

NOTE 13 SEGMENT REPORTING

The Group has identified its operating segments as telecommunications and is used by the board of Directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary consolidated statements forming the annual report for the period ended 31 March 2016.

NOTE 14 BASIS OF PREPARATION

These financial statements include the financial statements of the Flexiroam Limited (“the Company”) and its subsidiary Flexiroam Sdn. Bhd. (“the Group”). These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Accounting Standards are equivalent to International Financial Reporting Standards (“IFRS”). Compliance with Australian Accounting Standards ensures that these financial statements comply with International Financial Reporting Standards.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.