

| 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.