TEL.PACIFIC LIMITED

A.B.N. 99 073 079 268

Annual Report

For the year ended 30 June 2015

Contents

Chairman's Letter

Dear Shareholder,

On behalf of the Board of Tel.Pacific Limited, I am pleased to present the Annual Report for the 2015 financial year.

It has been a challenging and busy year developing our new electricity and gas retailing business after the divestment of the calling card business last year. Despite anticipated initial operating losses, the growth of the energy business has been encouraging and has taken over the telecommunication business as the Company's core business.

Revenue from continuing operations of the consolidated entity for the year increased to $24.6 million, up by 87.4% from the previous year. Gross profit increased to $5.1 million, up by 34.8%. However, EBITDA and NPAT were a loss of ($4.6 million) and ($4.7 million) respectively, due to start-up costs relating to the energy business and certain residual overhead costs from the sale of the calling card business being subsequently borne in continuing operations.

The Company's profitability is expected to turn around and break even in the first half of 2016 financial year, and for cash flow to recover from a deficit to a positive position, as the energy business contribution gains momentum. This will be achieved by stringent management and cost control alongside growth of the energy business.

As previously advised, the Board continues to assess the Company's cash requirements to determine how to utilise the sale proceeds from the divestment of the calling card business in the best interest of shareholders. The Board believes that the Company is making excellent progress with the energy business, however the new venture does require an appropriate level of working capital.

As of 30 June 2015, the Company has bought back on market and cancelled a total of 729,426 shares, representing 6.8% of issued share capital.

On behalf of the Board, I would like to thank Management for their hard work and also our shareholders for their patience and continued support. I believe that we will be able to report better financial outcomes for the Company in the coming financial year to reward that continuing support.

Yours sincerely,

Greg McCann
Chairman

CEO and Managing Director’s Review

After the divestment of the calling card business to Aggregato Gulliver Pty Ltd in April 2014, the Company’s main business incorporated mobile telecommunications and retail electricity and gas services. With the continued growth of energy business, this will soon be the core business of the Company rather than telecommunications.

Our mobile business faces ongoing competition and declining revenue growth. Only recently we have been able to restructure our cost base with our major carrier to be more competitive. Our long-term plan is to continue to compete by better aligning the mobile business with customers in the energy business.

Our energy business, CovaU, has now been operating for fifteen months. The past twelve months have been focusing on building, winning over and servicing our new customers. We continue to acquire customers at a good rate although from a small base. Customer acquisition is mostly organic and we are confident that we can continue to increase our customer base in the new financial year.

CovaU now serves customers both in New South Wales and Victoria in both electricity and gas services. Having obtained our Victoria retailing license in January this year we began business activities in February. We are off to a good start with Victoria promising to contribute in a more significant way in the medium term.

We continue to strive to provide excellent customer service, having strengthened our organization by increasing our customer support services to a high service standard. We have also restructured our business process to provide a better relationship-based approach. We aim to provide the highest level of customer satisfaction in our industry.

Our search for new opportunities is never ceasing, in wider geographic markets, different customer segments and stronger service bundling. Updates will be provided as appropriate.

We expect next year will see us progressing towards more streamlined business operations and improved internal efficiencies to support our continuing growth in market share, revenue and net earnings.

We have had a fortunate year in terms of exposure to wholesale energy volatility. Our risk policies and practices have served us well and provided us with sufficient protection during high price periods during the year. The policies will continue to evolve to meet the demands of our business.

Whilst we are pleased with our progress and prospects for growth, our business, even after careful planning and management, is subject to risks which may impact on our strategy, such as:

- sales competition with no regard to commercial viability; and
- extreme weather conditions causing sustained extreme wholesale energy prices.

In summary we expect to continue our business growth and provide better and competitive energy services to our customers at the same time returning to be a profitable Company in the next financial year.

Chiao-Heng (Charles) Huang
CEO and Managing Director

Greg McCann B Bus, FCA, FAICD
Non-Executive Chairman
Appointed 2 April 2007

Greg holds a Bachelor of Business (Accounting) degree and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

He has had 24 years of financial consulting experience with Deloitte Touche Tohmatsu. During this time he held a variety of senior leadership positions including the roles of Managing Partner for Papua New Guinea (1987 to 1990), Managing Partner for Queensland (1990 to 1995), Managing Partner for New South Wales (1995 to 1997), Managing Director of Deloitte Consulting / ICS Australia (1979 to 2001) and most recently Associate Managing Director of Deloitte Consulting for Australia and New Zealand (1999 to 2004).

Greg has extensive experience with boards and senior executives at CEO level. He is currently the Managing Director of Executive Computing Pty Limited, an independent software and consulting services supplier to the Asia Pacific region. Greg is also Chairman of Moko Social Media Limited, a global provider of mobile social networking services and is on the board of the law firm, Lander & Rogers.

Chiao-Heng (Charles) Huang B Eng
Managing Director and Chief Executive Officer
Appointed 28 February 1996

Charles founded the Company in 1996 as an ISP whilst in his third year of studying towards a Bachelor of Mechanical Engineering degree at Sydney University. Following the deregulation of the telecommunications industry, Charles sought the opportunity to resell voice products in Australia and in 1999 he decided to transform the Company from a technology oriented ISP to a marketing and innovation-oriented player in the prepaid calling card sector.

He has successfully steered Tel.Pacific from a start-up company to a public company which was listed on the Australian Securities Exchange in 2007.

Barry Chan B Eng
Executive Director and Chief Operating Officer
Appointed 29 September 1999

Barry holds a degree in Mechanical Engineering from the University of Sydney.

Barry joined the Company in 1999 in a customer service trainee role. He moved on to work in different areas within the Company, learning every aspect of the business. Appointed Head of Sales and Marketing in June 2004, he has played a key role in creating a very successful sales distribution channel. Prior to that Barry held positions as Product Manager, Customer Service Manager, Business Development Manager and Sales Executive.

Barry has been a significant driver in achieving the impressive growth in the prepaid telecommunication products of the Company.

Jeffrey Ma B A, FCA, F Fin
Executive Director, Chief Financial Officer and Company Secretary
Appointed 22 November 2004

Jeffrey joined the Company in 2000 with more than 15 years financial services experience. He holds a Bachelor of Arts (Accounting and Financial Management) degree from the University of Sheffield, England and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia.

He has over 11 years of financial services experience gained with Credit Lyonnais Australia Limited, a merchant bank, where he held the position of Company Secretary and Head of Finance and Administration in his last five years and was a Member of the Management Committee. Jeffrey also worked for two years in Westfield Holdings Limited; a listed property management and development company. He has an extensive professional background, having also worked for Coopers and Lybrand (now PricewaterhouseCoopers) in Hong Kong and with a chartered accounting firm in London.

Your directors present their report on the consolidated entity consisting of Tel.Pacific Limited (the Company) and the entities it controlled during the year ended 30 June 2015.

Directors

The names of the directors in office during the year and until the date of this report are as below. Other than as noted, directors were in office for this entire period.

Greg McCann	Chairman (Non-executive)
Chiao-Heng (Charles) Huang	Managing Director, Chief Executive Officer
Barry Chan	Director, Chief Operating Officer
Jeffrey Ma	Director, Chief Financial Officer, Company Secretary
Stephe Wilks	Director (Non-executive) - resigned on 31 August 2014

Principal Activities

The principal activities of the consolidated entity during the year were the provision of pre-paid mobile and related services and the provision of retail electricity and gas services to residential and businesses in Australia. These activities have not changed during the period.

Tel.Pacific Limited sold its pre-paid calling card business in April 2014 and commenced the provision of energy services through its wholly owned subsidiary CovaU Pty Limited at the end of the last financial year.

Operating Result for the Financial Year

Continuing Operations

Operating revenue from continuing operations was $24,568,456, up by 87.4% from the previous year of $13,107,200.

Earnings before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) from continuing operations was a loss of ($4,557,677), up by 190.4% from the previous year loss of ($1,569,330). Net loss from continuing operations after tax was ($4,731,292), down by 45.4% compared to the loss in previous year of ($8,667,995).

Review of Continuing Operations

$000's	Year ended 30 June 2014	Year ended 30 June 2014 (Underlying Result [(1)])	Year ended 30 June 2015	% Change of Underlying Result on PCP
Revenue	13,107	13,107	24,568	87.4%
EBITDA	(1,569)	(1,569)	(4,558)	-190.4%
NPAT	(8,668)	(819)	(4,731)	-477.7%

[(1)] FY2014 NPAT of a loss of ($8.7 million) have been adjusted for the impairment of goodwill at $6.3 million and derecognition of net deferred tax assets at $1.5 million.

Revenue of the consolidated entity for the year increased to $24.6 million, up by 87.4% compared to the previous corresponding period (PCP), attributable to the increase in energy revenue by $15.2 million since the provision of electricity and gas services commenced in the last quarter of the financial year. The telecommunication revenue however dropped by $3.7 million (down 28.0%) during the same period, mainly due to the further decline in mobile revenue as a result of continuing fierce competition in the prepaid mobile market.

Gross profit of the consolidated entity increased to $5.1 million, up by 34.8% over the previous year, despite the decrease in the overall gross margin from 28.6% to 20.6%. The 8.0% drop was partly due to the new energy business income stream mix and the decline in telecommunication gross margin. However, it was noted that the higher margin last year was partly attributable to credit notes received from the settlement of mobile billing disputes.

Total operating expenses and employee benefit expense of the consolidated entity increased to $9.9 million, up 62.6% over the PCP of $6.1 million. Apart from the start up, systems implementation and consultancy expenses relating to the energy business, the increase was due to certain overhead costs that were previously shared and accounted for in the discontinued operations and were subsequently fully borne and accounted for in the continuing operations.

It should be noted that including those of the discontinued operations, total operating expenses and employee benefit expense for the previous year amounted to a total of $13.8 million. Comparing the previous year total of $13.8 million for the consolidated entity with this year total of $9.9 million, there was an overall reduction of $3.8 million, down by 27.8% over the PCP, which was attributable to the down sizing of operations and cost saving measures implemented after the disposal of prepaid calling card business.

Earnings before interest expense, taxation, depreciation and amortisation (EBITDA) of the consolidated entity for the year ended 30 June 2015 was ($4.6 million), down by 190.4% over the PCP.

Net profit after tax (NPAT) of the consolidated entity for the year was ($4.7 million), up 45.4% over the PCP.

Compared with the underlying result excluding the non-recurring items, NPAT for the year ended 30 June 2015 would have been down 477.7% over the PCP.

Over the year, net assets decreased by $5.2 million, down 63.6%, to $3.0 million, which was consistent with and attributable to the current year’s loss after tax and the share buy back during the year.

Current assets decreased by $3.0 million, down 19.6%, to $12.4 million as the increase of $4.6 million in accrued income largely offset by the decrease of $8.3 million in bank deposits. The cash was used in funding new operating activities, relocation to new offices, reduction of trade creditors, payment of income tax liabilities and share buy back, while non-current assets increased by $0.1 million, up 33.4%, to $0.6 million, in the current period.

Current liabilities increased by $2.5 million, up 33.3%, to $9.9 million mainly due to increase of $3.3 million in accrued expenses, whilst non-current liabilities decreased by $0.1 million, down 52.5%, to $0.1 million.

As at 30 June 2015, cash and bank deposits stood at $5.4 million (including $2.7 million held as security for bank facilities), representing a decrease of $8.3 million (down 60.8%) during the year.

Dividends

No dividend was declared for the year ended 30 June 2015.

Share Buy-back

During the year there was a voluntary share buy-back. The directors felt this was an appropriate investment as it was thought the Company share price was undervalued. As of 30 June 2015, the Company bought back on market and cancelled a total of 729,426 ordinary shares at an average price of $0.86 per share. The Board believes this added value to the Company. The directors will consider to continue the buy-back if the price offered represents a better use of the Company's capital for the benefit of existing shareholders.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2015.

Events Subsequent to the End of the Financial Year

No matter no circumstance, other than those referred to in the financial statements or notes thereto, has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of operations or the state of affairs of the consolidated entity in future financial years.

Likely Developments and Expected Results

The directors expect continued growth in the energy business going forward and that the Company will return to profitability in the financial year ending 30 June 2016.

Environmental Issues

As a reseller of the electricity and gas services, Covau Pty Limited is required to purchase renewable energy certificates and surrender to regulation authority. Apart from that, the consolidated entity's operations are not subject to any significant environmental regulation under any law of the Commonwealth or a State or Territory.

Directors' Securities Holdings

As at the date of this report, the interests of the directors in the shares of the Company were:

Director	Number of Ordinary Shares
Greg McCann	61,420
Chiao-Heng (Charles) Huang	4,389,018
Barry Chan	846,912
Jeffrey Ma	367,823

See the Remuneration Report for further details.

Employees

The consolidated entity employed 64 full time equivalent employees as of 30 June 2015 (2014: 37).

Directors' Meetings

The number of directors' meetings (including meeting of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Number of Meetings	Board Meetings Attend / Held [1]	Audit and Risk Committee Attend / Held [1]
Greg McCann	9/9	3/3
Chiao-Heng (Charles) Huang	9/9	2/2
Barry Chan	9/9	n/a
Jeffrey Ma	8/9	n/a
Stephe Wilks [2]	3/3	1/1

[1] Number of meetings held while a director or a member.

[2] Resigned on 31 August 2014

n/a denotes director is not and was not a member of the committee during the year.

Members acting on the committee of the Board were:

Audit and Risk Committee

Greg McCann (Chairman)

Chiao-Heng (Charles) Huang

Stephe Wilks [1]

[1] Resigned on 31 August 2014.

As at the date of this report the Company had an Audit and Risk Committee and the functions of the previously established Remuneration and Nomination Committee were handled by the full Board.

Indemnification and Insurance of Directors and Officers and Auditors

The entity has entered into a directors' & officers' insurance contract on 30 October 2014 for the purpose of insuring against any liability that may arise from the directors carrying out their duties and responsibilities in their capacity as officers of the Company. The amount of the premium was $47,466.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the entity or of any related body corporate against a liability incurred as such an auditor.

Remuneration Report (Audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Details of Directors and Executives

The names and positions of each director and executive in the Company who received the highest remuneration and having the greatest authority within the Company, along with the components of their remuneration are provided below.

Directors	
Greg McCann	Chairman (Non-executive)
Chiao-Heng (Charles) Huang	Managing Director, Chief Executive Officer
Barry Chan	Director, Chief Operating Officer
Jeffrey Ma	Director, Chief Financial Officer, Company Secretary
Stephe Wilks (1)	Director (Non-executive)
Executives	
Steven Goodarzi	Chief Strategy Officer
Bing Zhou	Sales Director
Charles Hsieh	Commercial Director - effective on 1 November 2014
Gang Gu	Head of Information System
Huy Nguyen (2)	Sales Director
Peter Huang	Chief Technology Officer

(1) Resigned on 31 August 2014.
(2) Appointed on 2 February 2015.

Remuneration Policy

The Board of Directors of the Company is responsible for determining remuneration arrangements for the directors, the Managing Director and the senior management team. The Board assesses the appropriateness of the nature and amount of the remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Employee Share Ownership Plan

The Employee Share Ownership Plan (ESOP) was approved by shareholders at the Annual General Meeting on 30 November 2009. This plan replaced the previously approved Employee Option Plan (EOP) instituted on 23 May 2007, which the Board believed was no longer as effective following changes to the taxation of options in recipients hands.

The ESOP aims to motivate, retain and attract quality employees and directors of the Company to create a commonality of purpose between the employees and directors and the Company. The ESOP is operated by way of the Company issuing new shares to participants, with an amount equal to the subscription price for those shares being loaned to the participant by the Company. That loan is secured by the Company taking security over the shares which are subject to a holding lock period of ten years, and is interest free with recourse only to the shares. The loan is to be repaid over time by the participant (whether through dividends, specific payments to reduce the loan, or on sale of the underlying shares).

Shares issued under the ESOP will rank from the date of issue equally with the other shares in the Company then on issue.

Non-executive Director Remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided among the directors as agreed. The latest determination was at the Annual General Meeting held on 20 April 2007 when shareholders approved an aggregate remuneration of $350,000 per year payable to non-executive directors for their services as directors, including their services on a committee of directors.

The Board determines payments to the non-executive directors and will review their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Each non-executive director receives a fee for being a director of the Company. An additional fee may also be paid for each Board committee on which a director sits.

Non-executive directors are eligible to be granted shares under the Employee Share Ownership Plan.

Executive Director and Executives Remuneration

Remuneration granted to the executive directors and other executives has regard to the Company's financial and operational performance.

The Board determines the base salary of the executive directors and will review their remuneration annually against the external market and individual contribution to the Company. Performance pay based on overall corporate performance may be made available to the executive team.

Each executive director and executive receives remuneration commensurate with their position and responsibilities within the Company.

Executive directors and executives are eligible to be granted shares under the Employee Share Ownership Plan.

Remuneration of Directors and Executives

The following tables set out the remuneration received by the directors and executives of the Company during the financial years ended 30 June 2015 and 30 June 2014.

2015	**Short Term Benefits**			**Post Employment**	**Long Term Benefits**	**Total**
	Salary and Fees	Cash Benefits [4]	Non-Cash Benefits	Super-annuation	Accrued Leave Entitlement	
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Greg McCann	72,765	-	-	6,913	-	79,678
Chiao-Heng (Charles) Huang	152,352	51,072	148,232	29,583	6,191	387,430
Barry Chan	110,564	3,318	-	10,819	(17,988)	106,713
Jeffrey Ma	185,432	29,143	1,409	34,167	4,319	254,470
Stephe Wilks [1] [3]	64,435	-	-	-	-	64,435
Executives						
Steven Goodarzi	201,217	-	10,456	18,783	-	230,456
Bing Zhou	101,397	-	15,360	9,983	2,167	128,907
Charles Hsieh	117,110	-	14,475	11,400	(3,564)	139,421
Gang Gu	121,185	-	3,815	11,875	2,850	139,725
Huy Nguyen [2]	46,667	-	-	3,958	-	50,625
Peter Huang	110,000	-	3,579	10,450	(45,677)	78,352
	1,283,124	83,533	197,326	147,931	(51,702)	1,660,212

2014	Short Term Benefits			Post Employment	Long Term Benefits	Total
	Salary and Fees	Cash Benefits [4]	Non-Cash Benefits	Super-annuation	Accrued Leave Entitlement	
	$	$	$	$	$	$
Directors						
Greg McCann	72,765	-	-	6,730	-	79,495
Chiao-Heng (Charles) Huang	260,945	-	44,055	25,000	9,773	339,773
Barry Chan	161,098	-	-	14,903	(4,505)	171,496
Jeffrey Ma	195,000	-	-	25,000	16,392	236,392
Stephe Wilks [1]	68,758	-	-	-	-	68,758
Executives						
Steven Goodarzi	176,225	-	56,413	16,915	11,265	260,818
Bing Zhou	98,942	-	9,844	8,944	20,233	137,963
Charles Hsieh	105,090	-	10,705	9,552	11,433	136,780
Gang Gu	121,256	-	-	11,562	37,289	170,107
Huy Nguyen [2]	75,000	-	8,187	6,937	2,698	92,822
Peter Huang	130,000	-	4,844	12,025	22,259	169,128
	1,465,079	-	134,048	137,568	126,837	1,863,532

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		Performance	
	2015	2014	2015	2014
Directors				
Greg McCann	100%	100%	0%	0%
Chiao-Heng (Charles) Huang	100%	100%	0%	0%
Barry Chan	100%	100%	0%	0%
Jeffrey Ma	100%	100%	0%	0%
Stephe Wilks	100%	100%	0%	0%
Executives				
Steven Goodarzi	100%	100%	0%	0%
Bing Zhou	95%	100%	5%	0%
Charles Hsieh	100%	100%	0%	0%
Gang Gu	100%	100%	0%	0%
Huy Nguyen	100%	100%	0%	0%
Peter Huang	100%	100%	0%	0%

(1) Director fees have been paid to High Expectations Pty Limited, for procuring the services of Stephe Wilks to act as a director. High Expectations Pty Limited is responsible for Stephe Wilks' employment expenses, including statutory superannuation. Stephe Wilks resigned as director of the Company on 31 August 2014.

(2) Ceased employment on 1 April 2014 and appointed on 2 February 2015.

(3) The amount disclosed included consultancy payments to Stephe Wilks of $52,940 which has been reported as a related party transaction. See Note 22.

(4) Cash benefits represented the payout of unused annual leave entitlements.

Key Terms of Employment Agreements

Apart from the non-executive directors, all key management personnel are employed under standard company employment agreements. With the exception of the executive directors (where either party may terminate the agreement by giving a three months notice to the other), the notice period of standard company employment agreements is one month.

None of these agreements provide for termination conditions or payments. The Board considers that the significant equity holding of executive directors mitigates any risk of not having formal termination clauses.

Any termination entitlements payable to the key management personnel would be considered in light of the relevant circumstances and would be determined after consideration of entitlements of common law rights.

Directors and Executives Share Holdings

The number of ordinary shares in the Company held directly, indirectly or beneficially during the financial year by key management personnel and their related entities are as follows:

	Total Shares Held at Beginning of Year	Net Shares Acquired	Total Shares Held at End of Year
Greg McCann	61,420	-	61,420
Chiao-Heng (Charles) Huang	4,389,018	-	4,389,018
Barry Chan	846,912	-	846,912
Jeffrey Ma	367,823	-	367,823
Stephe Wilks [(1)]	75,000	1,016	76,016
Steven Goodarzi	-	10,335	10,335
Bing Zhou	4,128	-	4,128
Charles Hsieh	19,550	-	19,550
Gang Gu	43,376	-	43,376
Huy Nguyen [(2)]	35,127	-	35,127
Peter Huang	82,026	-	82,026
	5,924,380	11,351	5,935,731

[(1)] Resigned on 31 August 2014.

[(2)] Ceased employment on 1 April 2014 and appointed on 2 February 2015

Total shareholdings include shares held by key management personnel and their related entities. Unless related to the Employee Share Ownership Plan (ESOP) - see Note 24 (a), shares acquired or disposed during the year were on an arm's length basis at market price.

No director or key management personnel were issued options to acquire shares during the year, held any options at the end of the year or had any options that expired during the year.

During the year, the Company has paid rental totalling $Nil (2014: $25,525) on normal commercial terms and conditions no more favourable than those available to other parties, to Jeffrey Ma, in relation to the Brisbane Office.

During the year, the Company has paid rental totalling $Nil (2014: $22,687 GST inclusive) on normal commercial terms and conditions no more favourable than those available to other parties, to First Goldland Pty Limited, in which Barry Chan owns 10% shareholding, in relation to the Perth Office.

During the year, the Company has paid consultancy services totalling $58,234 GST inclusive (2014: $Nil) on normal commercial terms and conditions no more favourable than those available to other parties, to High Expectations Pty Limited whom Stephe Wilks is a controlling shareholder. The amount of $52,940 GST exclusive (2014: $Nil) has been disclosed as 2015 salary and fees in the Remuneration Report. Stephe Wilks resigned as director of the Company on 31 August 2014.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of equity to the majority of directors and executives to encourage the alignment of personal and shareholder interests. No bonus have been paid in the current year.

The following table shows gross revenue, profits and dividends over the last five years (including continuing and discontinued operations).

	2015	2014	2013	2012	(Restated) 2011
Revenue [1]	$24.57 m	$53.45 m	$81.15 m	$78.79 m	$60.14 m
Profit/(loss) after tax	($4.73 m)	$5.40 m	$3.84 m	($7.12 m)	($1.98 m)
Underlying profit/(loss) after tax [2]	($4.73 m)	$1.79 m	$2.03 m	($1.12 m)	($1.98 m)
Share price at year end [3]	$0.95	$0.75	$0.06	$0.04	$0.06
Special/interim dividend	0.00 cents	3.00 cents	0.00 cents	0.00 cents	0.40 cents
Final dividend	0.00 cents	0.00 cents	0.00 cents	0.00 cents	0.00 cents

[1] Revenue represent amount attributed to continuing (2015: $24.57m, 2014: $13.11m) and discontinued operations (2015: $Nil, 2014: $40.34m).

[2] Underlying profit for 2014 is excluding net of tax, the gain on disposal of calling card business of $11.5 million, provision for impairment of goodwill of $6.3 million and the derecognition of in net deferred tax assets of $1.5 million.

[3] The ordinary shares on issue were consolidated on a 1 for 10 basis, pursuant to the special resolution approved at an Extraordinary General Meeting on 28 April 2014.

This concludes the Remuneration Report which has been audited.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been provided to the directors and is set out on page 14.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not adversely affect the objectivity and integrity of the Auditor.

As at 30 June 2015 no non-audit services have been provided by Grant Thornton.

Corporate Governance Statement

Our full Corporate Governance Statement and ASX Appendix 4G detailing our compliance with the 3rd edition of the ASX Corporate Governance Principles and Recommendations is available on our website via www.telpacific.com.au.

TEL.PACIFIC™

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar.

This report is made in accordance with a resolution of Directors, pursuant to Section 298 (2) (a) of the Corporation Act 2001.

On behalf of the Directors

Greg McCann Chairman	Chiao-Heng (Charles) Huang Managing Director

Dated this 26 August 2015

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Tel.Pacific Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Tel.Pacific Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. Leivesley

Matthew Leivesley
Partner – Audit & Assurance

Sydney, 26 August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue	2	24,568,456	13,107,200
Delivery of services		(19,512,119)	(9,356,483)
Gross profit		5,056,337	3,750,717
Other income	2	347,695	806,521
Operating expenses		(5,478,261)	(3,645,231)
Employee benefits expense		(4,483,448)	(2,481,337)
Earnings before interest expense, taxation, depreciation, amortisation and impairment (EBITDA)		(4,557,677)	(1,569,330)
Depreciation and amortisation	3	(296,138)	(280,379)
Impairment		-	(6,326,508)
Earnings before interest expense and taxation (EBIT)		(4,853,815)	(8,176,217)
Finance costs		-	(198,245)
Loss before income tax	3	(4,853,815)	(8,374,462)
Income tax benefit/(expense)	4	122,523	(293,533)
Loss from continuing operations		(4,731,292)	(8,667,995)
Profit from discontinued operations, net of tax	28	-	14,067,257
(Loss)/Profit for the year		(4,731,292)	5,399,262
Other comprehensive income			
Amounts that may subsequently be transferred to profit or loss			
Exchange differences on translating foreign operations		(26,887)	(112,755)
Other comprehensive loss for the period, net of tax		(26,887)	(112,755)
Total comprehensive income for the year		(4,758,179)	5,286,507
Loss attributable to Members of Tel.Pacific Limited			
- Continuing operations		(4,731,292)	(8,667,995)
- Discontinued operations		-	14,067,257
		(4,731,292)	5,399,262
Total comprehensive loss attributable to Members of Tel.Pacific Limited			
- Continuing operations		(4,758,179)	(8,780,750)
- Discontinued operations		-	14,067,257
		(4,758,179)	5,286,507
Earnings per share for the year attributable to the members of Tel.Pacific Limited		Cents	Cents
Earnings per share			
- Basic earnings per share	5	(44.63)	50.36
- Diluted earnings per share	5	(44.63)	50.36
Earnings per share - Continuing operations			
- Basic earnings per share	5	(44.63)	(80.85)
- Diluted earnings per share	5	(44.63)	(80.85)
Earnings per share - Discontinued operations			
- Basic earnings per share	5	-	131.21
- Diluted earnings per share	5	-	131.21

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	2,692,198	2,452,276
Trade and other receivables	9	6,634,258	1,109,681
Inventories	10	107,830	147,036
Other assets	11	2,970,799	11,722,574
Total Current Assets		12,405,085	15,431,567
Non-Current Assets			
Property, plant and equipment	13	552,481	414,142
Intangible assets	14	-	-
Deferred tax assets	4	-	-
Total Non-Current Assets		552,481	414,142
TOTAL ASSETS		12,957,566	15,845,709
LIABILITIES			
Current Liabilities			
Trade and other payables	15	6,581,507	4,190,732
Income tax payable		-	555,616
Short term provisions	16	992,336	1,386,606
Unearned revenue	17	2,289,036	1,263,398
Total Current Liabilities		9,862,879	7,396,352
Non-Current Liabilities			
Long term provisions	16	95,020	200,026
Deferred tax liabilities	4	-	-
Total Non-Current Liabilities		95,020	200,026
TOTAL LIABILITIES		9,957,899	7,596,378
NET ASSETS		2,999,667	8,249,331
EQUITY			
Issued capital	18	8,730,026	9,221,511
Reserves	19	(129,176)	(102,289)
Accumulated Losses		(5,601,183)	(869,891)
TOTAL EQUITY		2,999,667	8,249,331

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 2015

	Issued Capital $	Reserves $	Retained Earnings/ (Accumulated Losses) $	Total $
Balance at 1 July 2013	8,998,970	485,550	(3,527,873)	5,956,647
Profit for the year	-	-	5,399,262	5,399,262
Other comprehensive income	-	(112,755)	-	(112,755)
Total comprehensive income for the year	-	(112,755)	5,399,262	5,286,507
Transactions with Shareholders				
Payments related to ESOP shares	222,541	-	-	222,541
Dividend paid	-	-	(3,216,364)	(3,216,364)
Transfer relating to Employee Equity Benefit Reserve	-	(475,084)	475,084	-
Balance at 30 June 2014	9,221,511	(102,289)	(869,891)	8,249,331
Balance at 1 July 2014	9,221,511	(102,289)	(869,891)	8,249,331
Loss for the year	-	-	(4,731,292)	(4,731,292)
Other comprehensive income	-	(26,887)	-	(26,887)
Total comprehensive income for the year	-	(26,887)	(4,731,292)	(4,758,179)
Transactions with Shareholders				
Payments related to ESOP shares	139,189	-	-	139,189
Dividend paid	-	-	-	-
Share buy back on market	(630,674)	-	-	(630,674)
Balance at 30 June 2015	8,730,026	(129,176)	(5,601,183)	2,999,667

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 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		22,029,783	64,631,435
Payments to suppliers and employees (inclusive of GST)		(29,320,061)	(67,779,784)
Interest received		312,000	149,940
Interest and other financial costs paid		-	(270,486)
Income tax paid		(433,093)	-
NET CASH USED IN OPERATING ACTIVITIES	8	(7,411,371)	(3,268,895)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(435,051)	(155,818)
Net proceeds from disposal of calling card business		-	19,000,000
Proceeds from/(payment to) bank deposits		8,577,829	(9,211,217)
NET CASH PROVIDED BY INVESTING ACTIVITIES		8,142,778	9,632,965
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from partially paid share capital		139,189	-
Repayment of vendor notes		-	(3,820,004)
Payments for share buyback on market		(630,674)	-
Dividends paid		-	(2,993,823)
NET CASH USED IN FINANCING ACTIVITIES		(491,485)	(6,813,827)
Net decrease in cash held		239,922	(449,757)
Cash held at the beginning of the financial year		2,452,276	2,902,033
CASH AT THE END OF FINANCIAL YEAR	8	2,692,198	2,452,276

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1: Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as applicable to for-profit entities.

The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated, with all balances being presented in Australian dollars.

This financial report includes the consolidated financial statements and notes of Tel.Pacific Limited and the controlled entities (consolidated group or group).

Tel.Pacific Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange, under the ticker TPC.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs except where applicable as modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Group has reported a loss for the year of $4.73 million (2014: profit $5.40 million) and net current assets at 30 June 2015 of $2.54 million (2014: $8.04 million). In preparing the financial report management has adopted the going concern basis of preparation which envisages the realisation of assets and the settlement of liabilities in the ordinary course of business. In reaching their conclusion on the basis of preparation management prepared forecasts covering next 15 months which demonstrate that Tel.Pacific Limited is expected to turn around and to be profitable in the financial year end 30 June 2016. The Directors closely monitor cash flows as the Group grows and if revenues do not increase as expected, the directors will look to contain costs. The directors believe that these actions, if required, will be sufficient to ensure that the Company will be able to meet its obligations as they fall due.

The financial report of Tel.Pacific Limited and its controlled entities for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Tel.Pacific Board of Directors on 26 August 2015.

Parent Entity Information

In accordance with Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 27.

New, Revised or Amended Accounting Standards and Interpretations Adopted

The Company has applied the required amendments to the Standards that are relevant to its operations and effective for the current reporting period.

The application of the amendments to Standards do not have a material impact on disclosure or amounts recognised in these financial statements.

Accounting Policies

(a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(b) Business Combination

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.

Consideration transferred for the acquisition comprises the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate. Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the acquirer's share of net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Income Tax

The income tax expense or benefit represents the sum of current tax and deferred tax. Current tax is calculated on accounting profit after adjustment for any non-taxable and non-deductible items. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. It is calculated using the tax rates that have been enacted or are substantially enacted at reporting date.

The current tax and deferred tax is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, except when it relates to items directly charged or credited to equity, in which case the current and deferred tax is also recognised directly in equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit or taxable income at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences and for carrying forward of unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carrying forward of unused tax losses and tax credits can be utilised.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(c) Income Tax (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will be occurring in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Effective 1 July 2003, for the purposes of income taxation, Tel.Pacific Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. As part of the election to enter tax consolidation, the tax consolidated group is treated as a single entity for income tax purposes. Gotalk Pty Limited and its wholly owned subsidiaries joined the tax consolidated group upon acquisition on 23 December 2011.

Tel.Pacific Limited, as the head entity in the tax consolidated group, recognises, in addition to its own, the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

(d) Inventories

Inventories are initially measured and recorded at cost and are valued at the lower of cost and net realisable value.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any provision for impairment loss.

Plant and Equipment
Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Office Fittings & Furniture	13%
Office Equipment & Software	20% - 33%
Network Equipment & Software	20% - 33%
Motor Vehicles	15%

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains or losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Non-current Assets or Disposal Groups Classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current asset or disposal group to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of a non-current asset or disposal group, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(g) Financial Instruments

Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Loans and Receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market and are stated at amortised cost using the effective interest rate method.

Held to Maturity Investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held to maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Financial Liabilities
Non derivative financial liabilities are subsequently measured at amortised cost.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. For the case of available for sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment loses are recognised in the consolidated statement of profit or loss and other comprehensive income.

Derivative Financial Instruments
Derivative financial instruments, other than effective and designated "hedging instruments", are accounted for at fair value through profit or loss.

(h) Impairment of Assets

At each reporting date, the group reviews the carrying values of assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is charged to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(i) Intangibles

Goodwill
Goodwill is initially recorded as the excess of the sum of the consideration paid and the fair value of the net identifiable assets of the entity acquired as at the date of acquisition. Goodwill is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed. Goodwill is not amortised.

Acquired Intangible Assets
Intangible assets acquired either as part of business combinations or through separate acquisitions are recorded at their fair value at the date of acquisition and recognised separately from goodwill. Management judgment is applied to determine the appropriate fair value of identifiable intangible assets.

Intangible assets that are considered to have a finite life are amortised on a straight line basis over the period of expected benefit. Intangible assets that are considered to have an indefinite life are not amortised but tested for impairment in accordance with note 1 (h) on an annual basis, or where an indication of impairment exists.

(j) Foreign Currency Transactions and Balances

Functional and Presentational Currency
The functional currency of each group entity is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentational currency.

Transactions and Balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the consolidated statement of profit or loss and other comprehensive income.

Group Companies
The financial results and position of foreign operations whose functional currency is different from the group's presentational currency are translated as follows:
- Assets and liabilities are translated at year end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(k) Employee Benefits

Annual Leave/Long Service Leave
Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the future cash outflows to be made for those benefits.

Superannuation
Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

Share-based Payments
The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and is recognised as an expense over the vesting period, with a corresponding increase in equity. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(m) Trade Receivables

Trade and other receivables are stated at amortised cost less any provision for impairment loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Provision for impairment of trade receivables is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivable.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment loss had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(n) Trade and Other Payables

Trade and other payables are stated at amortised cost.

(o) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(p) Unearned Revenue

Unearned revenue represents the unused component of prepaid mobile products as at the reporting date and relates to cards that have been activated.

Unearned revenue also represents receipts in advance from customers of the energy business as at the reporting date.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(q) Revenue Recognition

Revenue from the rendering of a service is recognised upon the delivery of the service to customers. A sales incentive provided to a customer in the form of non-cash consideration, for example bonus time, is considered to be a separate deliverable in a multiple deliverable arrangement. Sales revenue is allocated proportionally to the aggregate of the service paid for and the incentive, and is recognised when the customer utilises the incentive i.e. when Tel.Pacific provides the service.

Revenue from the sale of goods is recognised upon delivery of the goods sold. If the entity is acting as an agent under a sales arrangement, the revenue will be recorded on a net basis, being the gross amount billed less the amount paid to the supplier.

Revenue from electricity and gas services supplied is recognised once the electricity and/or gas has been delivered to the customer and is measured through a regular review of usage meters. Customers are billed on a periodic and regular basis. At the end of each reporting period, electricity and gas revenue includes an accrual for energy delivered to customers but not yet billed (unbilled revenue).

Interest revenue is recognised using the effective interest method.

(r) Goods and Services Tax

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST due, but not paid, to the Australian Taxation Office is included under payables.

Cash flows are presented in the cash flow statements on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Commission Costs

Commission costs are recognised as a cost of sale in the statement of profit or loss and other comprehensive income in proportion to revenue recognised. The effective commission charge recognised is based on an analysis of actual commissions incurred. The key assumption used in the calculation of commission costs is the effective rate which represents the average rate of actual commission paid over a period of time. Starting as of 1 July 2010, the effective rate has changed from the average rate of actual commission paid over a period of three years to the rolling average rate of actual commission paid over a period of three months. In managements view a three month period ensures that the commission cost recognised is an accurate reflection of the costs incurred in relation to revenue recognised. Were this assumption to change the absolute value of commission costs recognised in cost of sales would change.

(t) Discontinued Operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(u) Earnings per Share

Basic earnings per share is calculated as net profit or loss attributable to ordinary equity holders of Tel.Pacific Limited divided by the weighted average number of ordinary shares outstanding during the period.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(u) Earnings per Share (continued)

Diluted earnings per share is calculated as adjusted net profit or loss attributable to ordinary equity holders of Tel.Pacific Limited divided by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares during the period.

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(w) Comparatives

Where required by accounting standards, comparative figures have been adjusted to conform to changes in the current year.

(x) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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 consolidated data, obtained both externally and within the group.

Provision for Impairment of Receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of Commission Costs
The key assumption used in the calculation of commission costs in cost of sales in the consolidated statement of profit or loss and other comprehensive income is the effective rate which represents the average rate of actual commission paid over a period of time. Starting as of 1 July 2010, the effective rate has changed from the average rate of actual commission paid over a period of three years to the rolling average rate of actual commission paid over a period of three months.

Unbilled Revenue
The Company recognises revenue from electricity and gas services once the electricity and/or gas has been consumed by the customer. Customers are billed on a periodic and regular basis. Management estimates customer consumption between the last invoice date and the end of the reporting period when determining electricity and gas revenue for the financial period. Various assumptions and financial models are used to determine the estimated unbilled consumption.

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(y) Recently Issued Accounting Standards to be Applied in Future Reporting Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

IFRS 15 Revenue From Contracts With Customers
AASB 15:
• replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

"In addition the AASB 9 and AASB 15 discussed, above, a number of additional amendments have also been issued, but are not yet effect, which will be applicable to the entity, but are unlikely to have a material impact on the financial statements, based on management's initial consideration. These include AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, and AASB 2015-4."

Note 2: Revenue

	2015 $	2014 $
Operating Activities		
- Rendering of Services	24,568,456	13,107,200
	24,568,456	13,107,200
Other Income		
- Interest Income	266,479	177,857
- Transition Service Income	-	583,780
- Sundry Income	81,216	44,884
	347,695	806,521

Note 3: Loss Before Income Tax

	2015 $	2014 $
Occupancy Expense	352,591	433,076
Advertising and Promotion Expense	1,001,822	646,990
Communication Expense	54,547	31,075
Professional Fees	660,637	1,383,996
Bank and Merchant Fees	198,812	80,043
Travel Expense	291,811	117,173
Bad and Doubtful Debts Expense	282,720	49,069
Foreign Exchange Losses/(Gains)	10,548	(701)
Call Centre Expenses	1,245,416	670,620
Other Expenses	1,379,358	233,890
	5,478,261	3,645,231
Employee Benefits Expenses	4,114,747	2,288,224
Superannuation	368,701	193,113
Total Employee Benefits Expenses	4,483,448	2,481,337
Depreciation of Non-current Assets	296,138	280,379
Total Depreciation and Amortisation	296,138	280,379
Impairment of Goodwill(1)	-	6,326,508
Total Impairment	-	6,326,508

(1) Impairment of goodwill in the prior year relates to the Australian CGU and arose following a downgrading in forecast revenue which combined with a higher allocation of fixed costs following the disposal of the calling card business lead to a weaker outlook of future cash flows. Following the disposal of calling card business in April 2014, the goodwill and indefinite life intangibles relating to the disposed business, which related to the Australian CGU of $12,399,939 and the New Zealand CGU of $1,802,327, were derecognised. Following the disposal, the carrying amount of goodwill within the Australian CGU amounted to $6,326,506, which comprised of goodwill associated with the acquisition of the MTRM platform and related business of $3,800,000 and goodwill arising from the acquisition of gotalk mobile $2,526,506 were fully impaired in year ended 2014.

	2015 $	2014 $
Finance Costs	-	198,245

Note 4: Income Tax Benefit/(Expense)

	2015 $	2014 $
(a) Income Tax Expense		
The major components of income tax expense are:		
Current tax expense	-	555,616
Overprovision in respect of prior years	(122,523)	-
Deferred tax movement arising from origination and reversal of temporary differences	-	(577,840)
Deferred tax movement arising from the utilisation of tax losses	-	1,634,161
Derecognition of deferred tax	-	1,522,801
	(122,523)	3,134,738
Income tax/(benefit) attributable to		
Continuing operations	(122,523)	293,533
Discontinued operations	-	2,841,205
	(122,523)	3,134,738

	2015 $	2014 $
(b) The prima facie income tax expense/(benefit) on profit/(loss) from ordinary activities differs from the income tax expense/(benefit) provided in the financial statements and is reconciled as follows:		
Loss before income tax expense - Continuing operations	(4,853,815)	(8,374,462)
Profit before income tax expense - Discontinued operations	-	16,908,463
(Loss)/profit before income tax expense	(4,853,815)	8,534,000
Prima facie tax expense on profit from ordinary activities at 30% (2014: 30%)	(1,456,144)	2,560,200
Non-assessable items	(304,338)	(948,263)
Overprovision in respect of prior years	(122,523)	-
Deferred tax benefits not recognised	1,760,483	-
Derecognition of prior year's deferred tax	-	1,522,801
Income tax expense attributable to profit from ordinary activities	(122,523)	3,134,738

Note 4: Income Tax (Expense)/Benefit (continued)

(c) Deferred Tax Balances

	Opening Balance $	Charged to Income $	Charged directly to Equity $	Derecognition of deferred tax $	Closing Balance $
Deferred tax liability					
Property, plant and equipment	320,979	(325,783)	-	4,804	-
Deferred commission costs	778,985	(788,114)	-	9,129	-
Others	10,004	42,128	-	(52,132)	-
Balance as at 30 June 2014	1,109,968	(1,071,769)	-	(38,199)	-
Property, plant and equipment	-	-	-	-	-
Deferred commission costs	-	-	-	-	-
Others	-	-	-	-	-
Balance as at 30 June 2015	-	-	-	-	-

	Opening Balance $	Charged to Income $	Charged directly to Equity $	Derecognition of deferred tax $	Closing Balance $
Deferred tax assets					
Provision	893,396	(263,322)	-	(630,074)	-
Assessed loss [1]	2,428,710	(1,634,161)	-	(794,549)	-
Others	366,979	(230,602)	-	(136,377)	-
Balance as at 30 June 2014	3,689,085	(2,128,085)	-	(1,561,000)	-
Provision	-	-	-	-	-
Assessed loss [1]	-	-	-	-	-
Others	-	-	-	-	-
Balance as at 30 June 2015	-	-	-	-	-

[1] The consolidated entity has derecognised unused tax losses to the extent that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. The unused tax loss carried forward is $9,345,968 (2014: $2,648,496)

(d) Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, Tel.Pacific Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. As part of the election to enter tax consolidation, the tax consolidated group is treated as a single entity for income tax purposes. Gotalk Pty Limited and its wholly owned subsidiaries joined the tax consolidated group upon acquisition on 23 December 2011.

Tel.Pacific Limited, as the head entity in the tax consolidated group, recognises, in addition to its own transactions, the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

Note 5: Earnings Per Share

	2015 Cents	2014 Cents
Basic earnings per share		
From continuing operations	(44.63)	(80.85)
From discontinued operations	-	131.21
Total basic earnings per share	(44.63)	50.36
Diluted earnings per share		
From continuing operations	(44.63)	(80.85)
From discontinued operations	-	131.21
Total diluted earnings per share	(44.63)	50.36
Net earnings used in the calculation of continuing operations basic and diluted EPS	(4,731,292)	(8,667,995)
Net earnings used in the calculation of discontinued operations basic and diluted EPS	-	14,067,257
Weighted average number of ordinary shares outstanding during the year	Number	Number
in the calculation of basic EPS	10,601,636	10,721,241
in the calculation of diluted EPS	10,601,636	10,721,241

Note 6: Dividends Paid and Proposed

(a) Recognised Amounts

	2015		2014	
	Cents per Share	Total $	Cents per Share	Total $
(i) Dividends declared paid during the year:				
Special dividend - fully franked	-	-	3.0	3,216,364
Total	-	-	3.0	3,216,364

A fully franked special dividend $3,216,364 equivalent to 3 cents per share (107,212,146 shares) was declared on 28 April 2014 with a record date of 5 May 2014 and was paid on 20 May 2014.

Franking Credit Balance

	2015 $	2014 $
The amount of franking credits available for the subsequent financial year		
- Franking account balance as at the end of the financial year at 30% (2014: 30%)	1,211,458	1,211,458
- Franking credits that arose from the payment of income tax during the financial year	433,093	-
The amount of franking credits available for future reporting periods:	1,644,551	1,211,458
- Impact on franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during period	-	-
	1,644,551	1,211,458

Note 7: Auditors Remuneration

	2015 $	2014 $
During the financial year the following fees were paid or payable for services provided by Grant Thornton (2014: BDO East Coast), the auditor of the Company:		
Auditors of Parent Entity		
Audit and Review of Financial Reports	77,000	149,075
Taxation Services	-	30,630
Other Assurance Services	-	4,500
Total Auditors Remuneration	77,000	184,205

Note 8: Cash and Cash Equivalents

(a) Cash Balance

	2015 $	2014 $
Cash at bank and in hand	2,692,198	2,452,276
	2,692,198	2,452,276

(b) Reconciliation of Net Cash Flow from Operations with Profit after Income Tax

	2015 $	2014 $
Profit after income tax	(4,731,292)	5,399,262
Non-cash flows in profit		
Income tax expense recognised in profit or loss	(122,523)	3,134,738
Depreciation and amortisation	296,138	714,429
Impairment of goodwill	-	6,326,508
Loss on asset disposals	-	-
Gain on cancellation of vendor notes	-	-
Gain on disposal of calling card business	-	(13,348,502)
Changes in assets and liabilities		
Decrease in prepayments	115,636	617,320
(Increase)/decrease in trade & other receivables	(5,590,606)	5,760,342
Increase/(decrease) in trade & other payables	3,120,550	(12,194,828)
(Decrease)/increase in other provisions	(499,275)	321,836
	(7,411,373)	(3,268,895)

Note 9: Trade and Other Receivables

	2015 $	2014 $
Current		
Trade Receivables	2,386,484	1,379,960
Provision for Impairment of Receivables	(565,803)	(499,773)
Accrued Income (a)	4,732,657	177,000
Other Receivables	80,921	52,494
	6,634,258	1,109,681
(a) Accrued income comprises of:		
- Unbilled Revenue	4,727,273	59,083
- Other Accrued Income	5,384	117,917
	4,732,657	177,000

The movement in the provision for impairment in respect of trade receivables and other receivables are detailed below:

	2015 $	2014 $
Opening balance	(499,773)	(1,719,534)
- Provision for impairment recognised during the year	(489,114)	(245,498)
- Provision for impairment reversed during the year	269,067	-
- Provision for impairment reversed following disposal of calling card business	-	1,393,468
- Receivables written off during the year as uncollectible	154,017	71,791
Closing balance	(565,803)	(499,773)

Credit Policy

The group requires customers to pay in accordance with agreed terms. Trade receivables are non-interest bearing and are generally on 30-90 days terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. All credit and recovery risk associated with trade receivables has been provided for in the consolidated statement of financial position.

Ageing of trade receivables at the reporting date was:

	2015 $	2014 $
Not past due	1,439,580	833,449
Past due 0 - 30 days	128,706	6,619
Past due 31 - 60 days	138,309	16,052
Past due 61 - 90 days	149,736	11,325
Past due 90 days over	530,153	512,515
Total	2,386,484	1,379,960
Impairment losses	(565,803)	(499,773)
Trade receivables net of provision for impairment	1,820,681	880,187

Ageing of trade receivables that are past due but not impaired at the reporting date was:

	2015 $	2014 $
Past due 0 - 30 days	127,436	1,629
Past due 31 - 60 days	134,159	10,952
Past due 61 - 90 days	78,158	8,015
Past due 90 days over	41,348	26,142
	381,101	46,738

The consolidated entity did not consider there to be a credit risk on the aggregate balance after reviewing credit terms of customers based on recent collection practices.

Note 10: Inventories

	2015 $	2014 $
Current		
Inventories	107,830	147,036

Inventories are held at the lower of cost and net realisable value.

Note 11: Other Assets

	2015 $	2014 $
Current		
Deferred Commission Costs	192,381	177,388
Prepayments	75,161	190,797
Security Deposit	20,166	93,469
Bank Deposits [1]	2,683,091	11,260,920
	2,970,798	11,722,574

[1] Bank deposits include term deposits which are held as security for bank guarantee and merchant facilities amounting to $2,683,091 (2014: $2,260,922).

Note 12: Controlled Entities

	Country of Incorporation	Effective Interest 2015 %	Effective Interest 2014 %	Company's recorded amount of Investment 2015 $	Company's recorded amount of Investment 2014 $
Parent Entity					
Tel.Pacific Limited	Australia				
Controlled Entities Interest at Cost					
CovaU Pty Limited	Australia	100%	100%	12	12
Hello Card Pty Limited	Australia	100%	100%	100	100
Realtime Mobile Pty Limited	Australia	100%	100%	100	100
gotalk Pty Limited	Australia	100%	100%	9,008,187	9,008,187
ACN 074 079 897 Pty Ltd [1] [2]	Australia	100%	100%	-	-
Global Card Services Pty Limited [1]	Australia	100%	100%	-	-
Gotalk Communications Pty Limited [1]	Australia	100%	100%	-	-
Green Communications Australia Pty Limited [1]	Australia	100%	100%	-	-
Tel.Pacific ESOP Pty Limited	Australia	100%	100%	1	1
Tel.Pacific New Zealand Limited	New Zealand	100%	100%	8,546	8,546
Tel.Pacific Singapore Pte Limited [3]	Singapore	100%	100%	86,558	86,558
Investment in controlled entities				9,103,504	9,103,504
Impairment losses				(4,858,419)	(4,858,419)
Total investment in controlled entities				4,245,085	4,245,085

[1] These entities are held indirectly by Tel.Pacific Limited through their parent entity - gotalk Pty Limited, which was acquired by Tel.Pacific Limited on 23 December 2011.

[2] Cardcall Pty Limited changed its name to ACN 074 079 897 Pty Ltd on 26 August 2014.

[3] Tel.Pacific Singapore Pte Limited has been dormant since 31 May 2015 and is in the process of striking off from the Register.

Note 13: Property, Plant and Equipment

	2015 $	2014 $
Motor Vehicles	48,388	48,388
Less: Accumulated Depreciation	(46,324)	(41,370)
	2,064	7,018
Network Equipment & Software	644,674	620,766
Less: Accumulated Depreciation	(525,925)	(397,787)
	118,749	222,979
Office Equipment & Software	1,046,771	991,790
Less: Accumulated Depreciation	(968,295)	(922,802)
	78,476	68,988
Office Fittings & Furniture	891,806	536,348
Less: Accumulated Depreciation	(538,614)	(421,191)
	353,192	115,157
	552,481	414,142

Movement in Carrying Amount

	Motor Vehicles $	Network Equipment & Software $	Office Equipment & Software $	Office Fittings & Furniture $	Total $
2015					
Balance at the beginning of the year	7,018	222,979	68,988	115,157	414,142
Additions	-	23,908	55,685	355,458	435,051
Disposal	-	-	(574)	-	(574)
Depreciation expense	(4,954)	(128,138)	(45,623)	(117,424)	(296,138)
Balance at the end of the year	2,064	118,749	78,476	353,192	552,481

	Motor Vehicles $	Network Equipment & Software $	Office Equipment & Software $	Office Fittings & Furniture $	Total $
2014					
Balance at the beginning of the year	19,710	1,466,478	118,226	171,307	1,775,721
Additions	-	100,725	30,136	24,957	155,818
Disposal	(4,901)	(792,985)	(1,701)	(4,304)	(803,891)
Depreciation expense	(7,791)	(551,572)	(77,808)	(77,258)	(714,429)
Foreign currency exchange difference	-	333	135	455	923
Balance at the end of the year	7,018	222,979	68,988	115,157	414,142

Note 14: Intangible Assets

	2015	2014
	$	$
(a) Reconciliation of Carrying Amounts at the Beginning and End of the Year		
Goodwill	7,479,971	7,479,971
Accumulated Impairment Losses	(7,479,971)	(7,479,971)
	-	-
Brand Name	-	-
	-	-
Patent	2	2
Accumulated Impairment Losses	(2)	(2)
	-	-
Trademarks	-	-
	-	-
Research and Development	-	-
Accumulated Amortisation	-	-
	-	-
	-	-

Movement in Carrying Amount

	2015	2014
Goodwill		
Balance at the beginning of the year	-	14,768,772
Disposal during the year	-	(8,442,266)
Impairment	-	(6,326,506)
Balance at the end of the year	-	-
Patent		
Balance at the beginning of the year	-	2
Impairment	-	(2)
Balance at the end of the year	-	-
Trademarks		
Balance at the beginning of the year	-	110,000
Disposal during the year	-	(110,000)
Balance at the end of the year	-	-
Brand Name		
Balance at the beginning of the year	-	5,650,000
Disposal during the year	-	(5,650,000)
Balance at the end of the year	-	-

Note 14: Intangible Assets (continued)

(b) Description of the Group's Intangible Assets and Goodwill

After initial recognition, goodwill acquired through business combinations is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Trademarks, acquired through business combinations, have been assessed as having an indefinite life and are measured at cost less any accumulated impairment losses.

Brand name, acquired through business combinations with gotalk Limited, has been assessed as having an indefinite life after considering the expected period from which benefit will be derived from the assets and is measured at cost less any accumulated impairment losses.

(c) Impairment Testing of Goodwill

As at 30 June 2015, the carrying amount of goodwill and indefinite life intangibles for the group was $Nil (2014: $Nil).

Goodwill and indefinite life brand name acquired through business combinations has been allocated to two individual cash generating units (CGU) for impairment testing being the Australian and New Zealand CGU.

Note 15: Trade and Other Payables

	2015 $	2014 $
Current		
Trade Payables	1,912,818	2,683,062
Other Payables	-	4,600
Accrued Expenses	4,376,190	1,032,565
Sundry Payables	248,032	147,210
Goods and Services Tax Payable	44,467	323,295
	6,581,507	4,190,732

Note 16 Provisions

	2015 $	2014 $
Short Term Provisions		
Leave Entitlement (1)	685,956	597,035
Future Rent (2)	78,926	41,251
Make Good	27,454	298,320
Legal Costs (3)	200,000	450,000
	992,336	1,386,606
Long Term Provisions		
Leave Entitlement (1)	71,060	200,026
Future Rent	23,960	-
	95,020	200,026

Note 16: Provisions (continued)

	2015 $	2014 $
Movements in Provisions		
(a) Leave Entitlement Provision		
Opening balance	797,061	1,293,834
- additional provisions	255,955	365,320
- disposal along with calling card business	-	(181,194)
- amount used	(296,000)	(680,899)
Closing balance	757,016	797,061
(b) Future Rent		
Opening balance	41,251	120,646
- additional provisions	94,479	-
- amount used	(32,844)	(79,395)
Closing balance	102,886	41,251
(c) Make Good		
Opening balance	298,320	29,820
- additional provisions	7,402	268,500
- amount used	(278,268)	-
Closing balance	27,454	298,320
(d) Legal Costs		
Opening balance	450,000	-
- additional provisions	-	450,000
- amount used	(250,000)	-
Closing balance	200,000	450,000

(1) Leave Entitlement Provision represents provision for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

(2) Future Rent Provision relates to the difference between the cash payments on the leasehold property and the accounting charge spread over the life of the lease on a straight line basis.

(3) Legal Cost Provisions represent the overall provision for legal costs against notified claims against the Group by third parties in relation to their contracts and services.

Note 17: Unearned Revenue

	2015 $	2014 $
Unearned revenue relating to telecommunication services	1,455,258	1,263,398
Unearned revenue relating to energy services	833,777	-
	2,289,035	1,263,398

Note 18: Issued Capital

	2015 Number	2015 $	2014 Number	2014 $
(a) Ordinary Shares				
Issued and Fully Paid	8,990,837	8,364,530	9,564,524	8,856,015
Issued and Partially Paid (1)	1,000,978	365,496	1,156,717	365,496
	9,991,815	8,730,026	10,721,241	9,221,511
(b) Movements in Ordinary Shares on Issue				
Balance at the beginning of the year	10,721,241	9,221,511	107,212,146	8,998,970
Reduction due to share consolidation (2)	-	-	(96,490,905)	-
Payments related to ESOP shares	-	139,189	-	222,541
Share buy back on market	(729,426)	(630,674)	-	-
Balance at the end of the year	9,991,815	8,730,026	10,721,241	9,221,511

(1) The issue of shares under the Employee Shares Ownership Plan (ESOP) has been treated as issue of share options in accordance with the pronouncement of the International Financial Reporting Interpretations Committee. Where the company funds the acquisition of its own shares via a loan to employees with recourse only to the shares, it is treated as an option grant and accounted for under AASB 2 Share-based Payment. No loan or equity is booked initially. The Company has effectively given the employee an option exercisable sometime in the future to buy a share at a set price. For information relating to shares issued under the ESOP during the financial year, refer to Note 24(a).

(2) On 28 April 2014, a special resolution for approval of the consolidation of the Company's shares on a 1 for 10 basis was passed at an Extraordinary General Meeting. The share consolidation was effective 26 May 2014.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares carry one vote per share and carry the right to dividends.

(c) Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's capital includes ordinary shares supported by financial assets.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, buy-back shares and share issues.

Note 18: Issued Capital (continued)

(c) Capital Management (continued)

During the year there was a voluntary share buy-back. The directors felt this was an appropriate investment as it was thought the Company share price was undervalued. As of 30 June 2015, the Company bought back on market and cancelled a total of 729,426 ordinary shares at an average price of $0.86 per share. The Board believes this added value to the Company. The directors will consider to continue the back-back if the price offered represents a better use of the Company's capital for the benefit of existing shareholders. That buy back program has continued after 30 June 2015.

Apart from the above, there have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

Note 19: Reserves

	2015 $	2014 $
Foreign Currency Translation Reserve		

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

	2015 $	2014 $
Balance at the beginning of the year	(102,289)	10,466
Loss on translation of overseas controlled entities	(26,887)	(112,755)
Balance at the end of the year	(129,176)	(102,289)

Employee Equity Benefits Reserve

The employee equity benefits reserve records the value of equity benefits provided to employees and directors as part of their remuneration.

	2015 $	2014 $
Balance at the beginning of the year	-	475,084
Transferred to retained earnings	-	(475,084)
Balance at the end of the year	-	-
Total Reserves	(129,175)	(215,044)

Note 20: Capital and Leasing Commitments

	2015	2014
	$	$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
- not later than 1 year	275,228	324,796
- later than 1 year but not later than 5 years	427,166	683
Total lease commitments	702,394	325,479

Operating lease for the following types of assets:

1. Property lease with a five or six year term and rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase by between 3 - 4.25% per annum.
2. Rental of office equipment with average lease terms 3 - 5 years

Note 21: Contingent Liabilities

As at 30 June 2015 the consolidated entity has issued bank guarantees totalling $2,683,091 (2014: $2,260,922) for which term deposits are held to secure this amount.

Apart from the bank guarantees, there are no contingent liabilities as at the date of signing of this report.

Note 22: Related Party Transactions

Information relating to controlled entities is set out in Note 12. Transactions occurred between certain of these entities during the period, all of which are eliminated from the consolidated accounts.

During the year, the Company has paid rental totalling $Nil (2014: $25,525) on normal commercial terms and conditions no more favourable than those available to other parties, to Jeffrey Ma, in relation to the Brisbane Office.

During the year, the Company has paid rental totalling $Nil (2014: $22,687 GST inclusive) on normal commercial terms and conditions no more favourable than those available to other parties, to First Goldland Pty Limited, in which Barry Chan owns 10% shareholding, in relation to the Perth Office.

During the year, the Company has paid consultancy services totalling $58,234 GST inclusive (2014: $Nil) on normal commercial terms and conditions no more favourable than those available to other parties, to High Expectations Pty Limited whom Stephe Wilks is a controlling shareholder. The amount of $52,940 GST exclusive (2014: $Nil) has been disclosed as 2015 salary and fees in the Remuneration Report. Stephe Wilks resigned as director of the Company on 31 August 2014.

Note 23: Directors and Executives Disclosures

(a) Remuneration of Key Management Personnel

	2015 $	2014 $
Short-term Employee Benefits	1,563,983	1,599,127
Long-term Employee Benefits	(51,702)	126,837
Post-employment Benefits	147,931	137,568
	1,660,212	1,863,532

The remuneration paid to the key management personnel is detailed in the Directors' Report.

Note 24: Employee Benefits

(a) Employee Share Ownership Plan

The Employee Share Ownership Plan (ESOP) was approved by the Annual General Meeting and established on 30 November 2009.

The ESOP aims to motivate, retain and attract quality employees and directors of the company to create commonality of purpose between the employees and directors and the company. The ESOP is operated by way of the company issuing new shares to participants, with an amount equal to the subscription price for those shares being loaned to the participant by the company. That loan secured by the company taking security over the shares which are subject to a holding lock period of ten years, is interest free with recourse only to the shares. The loan is to be repaid over time by the participant (whether through dividends, specific payments to reduce the loan, or on sale of the underlying shares).

Shares issued under the ESOP will rank from the date of issue equally with the other shares in the company then on issue.

All shares issued pursuant to the ESOP are held by a trustee appointed by the company in trust for the participant until such time as the loan is repaid. The loan becomes immediately repayable in the event of dismissal, resignation, death or retirement of the participant. 60% of all dividends and distributions made in respect of the shares must be applied towards repayment of the loan. Voting rights attached to the shares may only be exercised by the trustee holder in the best interest of the participant.

On 16 December 2009, a total of 5,000,000 shares were granted to the employees and directors of the company under the ESOP.

For accounting purposes, the share issue under the ESOP has been treated as option grant and the value of the options vested has been accounted for and included in the result of the period. Any repayment of the loan will be treated as partial payment to be applied towards the payment of shares issued under the ESOP.

(b) Superannuation Plan

The company contributes to employee superannuation plans in accordance with contractual and statutory requirements.

	2015 $	2014 $
Defined contribution superannuation expense	368,701	504,519

Note 24: Employee Benefits (continued)

(c) Employee Numbers

	2015	2014
Number of full-time equivalent employees	64	37

Note 25: Financial Instruments and Financial Risk Management Objectives and Policies

The group undertakes transactions in a range of financial instruments including:
- Cash assets;
- Trade and other receivables;
- Trade and other payables; and
- Investments.

The main risks arising from the group's financial instruments are interest rate risk, foreign currency risk, credit risk and energy price risk. The Board reviews and agrees policies for managing each of these risks.

(a) Interest Rate Risk

The group's exposure to interest rate risk is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates on those financial assets is as follows:

	Note	Total $	Average Effective Interest Rate
2015			
Financial Assets			
Cash [1]	8	2,692,198	1.86%
Trade and other receivables [1]	9	6,634,258	0.00%
Other assets - Term deposit [1]	11	2,683,091	2.78%
		12,009,547	
Financial Liabilities			
Trade and other payables [2]	15	6,537,040	0.00%
		6,537,040	
2014			
Financial Assets			
Cash [1]	8	2,452,276	1.57%
Trade and other receivables [1]	9	1,109,681	0.00%
Other assets - Term deposit [1]	11	11,260,920	3.63%
		14,822,877	
Financial Liabilities			
Trade and other payables [2]	15	3,867,437	0.00%
		3,867,437	

(1) Loans and receivables category
(2) Financial liabilities at amortised cost category

Note 25: Financial Instruments and Financial Risk Management Objectives and Policies (continued)

(b) Foreign Currency Risk

The group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar, NZ dollar ,SG dollar and UK pound.

Foreign exchange risk arises from future commercial transactions and net investments in foreign operations.

The transactional currency exposure will be minimised by seeking economically favourable local suppliers. When it is required, the group will enter into forward exchange contracts to reduce and minimise its currency exposures.

Foreign currency risk also arises on translation of the net assets of our non Australian controlled entities which have different functional currency. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. The group does not seek to hedge this exposure taking consideration of current net investment position.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2015	**2014**	**2015**	**2014**
Consolidated				
US dollars	48,013	120,541	250,098	349,518
New Zealand dollars	407,456	528,255	8,575	338,001
Singapore dollars	-	97,816	-	6,573
British pounds	-	-	9,596	8,475
	455,470	746,612	268,269	702,567

(c) Credit Risk

The group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the consolidated statement of financial position.

Trade receivables consist of residential and business customers. Prior to contracting, customers must agree to and successfully pass a credit check and all results are individually assessed for approval by our credit team under the credit risk management policy. In the event that a credit check result is declined by our credit team all offers of supply and sale are withdrawn from the customers.

The group does not have any significant credit risk exposure to any single counter-party or any group of counter-parties having similar characteristics. In addition, receivable balances are monitored on an ongoing basis.

There are no significant concentrations of credit risk within the group.

Note 25: Financial Instruments and Financial Risk Management Objectives and Policies (continued)

(d) Liquidity Risk

The group's objective is to be self-funding by the generation of positive cash flow. The group manages liquidity risk by monitoring cash flow requirements on a continuing basis.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. Both interest and principal cash flows are disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	
2015				
Non-interest bearing				
Trade and other payables	6,581,507	-	-	6,581,507
Total non-derivatives	6,581,507	-	-	6,581,507
2014				
Non-derivatives				
Non-interest bearing				
Trade and other payables	4,190,732	-	-	4,190,732
Total non-derivatives	4,190,732	-	-	4,190,732

As at 30 June 2015, the group maintained a total of $5.4 million in cash balance and bank deposits.

(e) Energy Price Risk

The group is exposed to energy price risk associated with the purchase and/or sale of electricity, gas and environmental products. The group manages energy risk through an established risk management framework consisting of policies to place appropriate risk limits on overall energy market exposures and transaction limits for approved energy commodities, requirements for delegations of authority on trading, regular reporting of exposures and segregation of duties.

It is the group's policy to actively manage the energy price exposure arising from both forecast energy supply and retail customer energy load. The Group’s risk management policy for energy price risk is to hedge forecast future positions for up to 12 months into the future.

Exposures to fluctuations in the wholesale market energy prices are managed through the use of various types of hedge contracts including derivative financial instruments, such as energy swaps and caps.

As at 30 June 2015 instruments entered into include 35,328 MWh swaps and 35,328 MWh caps to cover 100% forecast half yearly demand.

Note 25: Financial Instruments and Financial Risk Management Objectives and Policies (continued)

(f) Summarised Sensitivity Analysis

Interest Rate Risk

The following sensitivity analysis is based on interest rate exposures arising from the effect on interest income on net average balance of cash and cash equivalents and term deposits from 10 per cent movement in interest rates during the year.

A sensitivity of plus or minus 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates.

	Year Ended 30 June 2015				Year Ended 30 June 2014			
	Profit/Loss		Equity		Profit/Loss		Equity	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	$	$	$	$	$	$	$	$
Financial Assets								
Cash and cash equivalents	4,173	(4,173)	4,173	(4,173)	6,109	(6,109)	6,109	(6,109)
Other assets - term deposit	11,312	(11,312)	11,312	(11,312)	15,187	(15,187)	15,187	(15,187)
Financial Liabilities								
Borrowings	-	-	-	-	(10,028)	10,028	(10,028)	10,028
Increase/(decrease)	15,485	(15,485)	15,485	(15,485)	11,268	(11,268)	11,268	(11,268)

Foreign Exchange Risk

The sensitivity analysis is based on foreign currency risk exposures on financial instruments and net foreign investment balances as at reporting date. Foreign currency risk arising from financial instruments represents a financial risk.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future movements.

	Year Ended 30 June 2015				Year Ended 30 June 2014			
	Profit/Loss		Equity		Profit/Loss		Equity	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	$	$	$	$	$	$	$	$
Increase/(decrease)	(11,913)	14,560	139,929	153,933	(2,803)	3,426	(375,330)	458,736
	(11,913)	14,560	139,929	153,933	(2,803)	3,426	(375,330)	458,736

Note 25: Financial Instruments and Financial Risk Management Objectives and Policies (continued)

(f) Summarised Sensitivity Analysis (continued)

Energy Price Risk

The sensitivity analysis is based on energy price risk exposures arising from the electricity and gas prices from 10 per cent movement in the wholesale market with all other variables remaining constant.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of market contract price and the volatility observed both on an historical basis and market expectations for future movements.

	Year Ended 30 June 2015				Year Ended 30 June 2014			
	Profit/Loss		Equity		Profit/Loss		Equity	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	$	$	$	$	$	$	$	$
Increase/(decrease)	(192,822)	192,822	(192,822)	192,822	(2,185)	2,185	(2,185)	2,185
	(192,822)	192,822	(192,822)	192,822	(2,185)	2,185	(2,185)	2,185

(g) Fair Values of Financial Instruments

At balance date, the group has no financial instruments which are measured at fair value in the Statement of Financial Position. Derivatives held would be measured at fair value, but the impact is not material.

Due to their nature, the carrying amount of cash and cash equivalents, trade and other receivables, other current assets as they relate to financial assets, trade and other payables, income tax payable and borrowings is assumed to approximate their value. Accordingly no quantitative disclosures have been included.

Note 26: Segment Reporting

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

The operating segments are identified by management based on revenue stream. Discrete financial information about each of those operating business is reported on a monthly basis.

(a) Types of Products and Services

The consolidated entity operates in the provision of pre-paid mobile telephony products and services and the associated operations of the Mobile Real Time Monitoring platform, and the provision of retail electricity and gas services to residential and businesses in Australia.

(b) Change in determination of operating segments

Following the disposal of the prepaid calling card business during the year ended 30 June 2014, and the growth of the "Energy Services" offering, internal management reporting is now on the basis of product type. For this reason, the reported operating segments have been changed from a geographic basis in previous periods.

(c) Accounting Policies and Inter-Segment Transactions

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with the consolidated entity's policies described in Note 1.

(d) Major Customers

The consolidated entity is not reliant on any single customer and no one customer represents more that 10% of the Group's revenue.

	Energy Services $	Telecom-munication Services (Continuing) $	Elimination $	Total $
2015				
Revenue				
Revenue from external customers	15,228,106	9,340,350	-	24,568,456
Other income	5,336	342,359	-	347,695
Inter-segment revenue	-	-	-	-
Total segment revenue	15,233,442	9,682,709	-	24,916,151
Result				
Earnings before interest expense and taxation (EBIT)	(4,752,770)	(101,045)	-	(4,853,815)
Finance costs				-
Loss before income tax for the year				(4,853,815)
Other Segment Information				
Depreciation	238,082	58,056	-	296,138
Goodwill impairment	-	-	-	-

Note 26: Segment Reporting (continued)

2014	Energy Services $	Telecom-munication Services (Continuing) $	Elimination $	Total $
Revenue				
Revenue from external customers	59,083	13,048,117	-	13,107,200
Other income	1,175	805,346	-	806,521
Inter-segment revenue	-	-	-	-
Total segment revenue	60,258	13,853,463	-	13,913,721
Result				
Earnings before interest expense and taxation (EBIT)	(446,977)	(7,729,240)	-	(8,176,217)
Finance costs				(198,245)
Profit before income tax for the year				(8,374,462)
Other Segment Information				
Depreciation	4,067	276,312	-	280,379
Goodwill impairment	-	6,326,508	-	6,326,508

No segment assets and liabilities are disclosed because there is no measure of segment liabilities regularly reported to chief operating decision makers.

Note 27: Parent Entity Disclosures

	Company	
	2015	2014
	$	$
Current assets	8,327,468	15,587,481
Total assets	13,065,944	20,198,259
Current liabilities	9,803,606	12,715,940
Total liabilities	9,897,233	12,915,966
Issued capital	8,730,026	9,221,511
Reserve	-	-
Retained earnings	(5,561,316)	(1,939,218)
Shareholders' equity	3,168,711	7,282,293
(Loss)/profit for the year	(3,636,719)	5,727,681
Total comprehensive income	(3,636,719)	5,727,681

Parent entity contingencies

The details of all contingent liabilities in respect to Tel.Pacific Limited are disclosed in Note 21.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

Note 28: Discontinued Operations

Disposal of Calling Card Business

On 24 March 2014, the Company entered into a Business Sale and Purchase Agreement with Aggregato Gulliver Pty Limited, to sell certain assets comprising the two stage dialling card operations of the Group. The purchase price for the sale was $19 million. Aggregato also agreed to assume responsibility for certain liabilities, including unutilised air time of unused paid calling cards and first used but unpaid calling cards (to a maximum of $5 million). The effective date of the disposal was 1 April 2014, and the completion date was 28 April 2014.

The results of the calling card and related business for last year have been presented below:

	2014 $
i) Operating Result	
Revenue	40,339,526
Cost of sales	(28,725,239)
Gross profit	11,614,287
Other income	52,930
Operating expenses	(3,304,441)
Employee benefits expense	(4,368,766)
Earnings before interest expense, taxation, depreciation and amortisation (EBITDA)	3,994,010
Depreciation and amortisation	(434,050)
Earnings before interest expense and taxation (EBIT)	3,559,960
Finance costs	-
Profit before income tax	3,559,960
Income tax expense	(953,412)
Profit after income tax expenses from discontinued operations	2,606,548
Gain on disposal before income tax expense	13,348,502
Income tax expense	(1,887,793)
Gain on disposal after income tax expense	11,460,709
Total profit after income tax expense from discontinued operations	14,067,257

ii) Profit on Sale of Discontinued Operations

Sales proceeds	19,000,000
Disposal costs	(88,365)
Net assets disposed of [1]	(5,563,133)
Gain on disposal before income tax	13,348,502
Income tax expense	(1,887,793)
Gain on disposal after income tax	11,460,709

[1] Net assets disposed of represents the net assets attributable to the discontinued operations as follows:

Property, plant and equipment	798,456
Inventory	67,248
Prepayment	6,304
Consignment debtor	1,130,013
Deferred commission (net)	2,583,291
Leave entitlement	(179,504)
Unearned revenue	(13,044,941)
Goodwill	14,202,266
Net assets attributable to the discontinued operations	5,563,133

Note 28: Discontinued Operations (continued)

Disposal of Calling Card Business (continued)

	2014
	$
iii) Cash flows from discontinued operations	
Net cash (outflow) from operating activities	(1,437,532)
Net cash inflow from investing activities	18,944,275
Net cash outflow from financing activities	-
Net cash inflow from discontinued operations	17,506,743

Note 29: Events Subsequent to the End of the Financial Year

No matter or circumstance, other than those referred to in the financial statements or notes thereto, has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Note 30: Company Details

The Company is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is:
Suite 802, Level 8, 1 York Street, Sydney NSW 2000, Australia

Directors' Declaration

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, accompanying notes, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. 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.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Greg McCann
Chairman

Chiao-Heng (Charles) Huang
Managing Director

Sydney, 26 August 2015

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Tel.Pacific Limited

Report on the financial report

We have audited the accompanying financial report of Tel.Pacific Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 of 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

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 us to 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 judgement, 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 Company's preparation of the financial report that gives a true and fair view 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 Company'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.

Auditor's opinion

In our opinion:

a the financial report of Tel.Pacific Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its 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 the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 8 to 12 of the directors' report for the year ended 30 June 2015. 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 on the remuneration report

In our opinion, the remuneration report of Tel.Pacific Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

M. Leivesley

Matthew Leivesley
Partner - Audit & Assurance

Sydney, 26 August 2015

Shareholder information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

(a) Shares and Options as at 26 August 2015

Equity Security	Number
Shares on issue	9,991,815

(b) Distribution of Equity Securities as at 31 July 2015

	Class of Equity Securities	
Range	Ordinary Shares Holders	Ordinary Shares Units
1 - 1,000	232	219,984
1,001 - 5,000	76	188,746
5,001 - 10,000	21	146,250
10,001 - 100,000	32	899,691
100,001 and over	12	8,537,144
Total	373	9,991,815

There were 19 holders of less than a marketable parcel of 5,553 ordinary shares.

(c) Substantial Shareholders as at 26 August 2015

Rank	Shareholder	Number of Shares	% of Issued Capital
1	Mr Chiao Heng Huang	4,053,958	40.57
2	Tel.Pacific ESOP Pty Limited	1,000,978	10.02
3	Mr Barry Christopher Chan	584,711	5.85
4	Focus Capital Finance Limited	544,500	5.45
5	Megaway Group Limited	544,500	5.45

(d) Twenty Largest Shareholders as at 26 August 2015

Rank	Shareholder	Number of Shares	% of Issued Capital
1	Mr Chiao Heng Huang	4,053,958	40.57
2	Tel.Pacific ESOP Pty Limited	1,000,978	10.02
3	Mr Barry Christopher Chan	584,711	5.85
4	Focus Capital Finance Limited	544,500	5.45
5	Megaway Group Limited	544,500	5.45
6	Fortune Giant International Limited	424,924	4.25
7	Mr Bob Cheng	400,000	4.00
8	Ms Wei Chun Wu	365,000	3.65
9	Walker Group of Companies Retirement Fund	177,500	1.78
10	Contemplator Pty Ltd (ARG Pension Fund A/C)	161,530	1.62
11	Mr Trevor Neil Hay	142,431	1.43
12	Global Property Services Pty Limited (Super Account)	137,112	1.37
13	Ruminator Pty Ltd	94,478	0.95
14	Mr Jeffrey Wu Kin Ma	82,003	0.82
15	Nunc Coepi Pty Ltd	66,432	0.66
16	Mr Andrew William Blackman	53,000	0.53
17	Mrs Samantha Vieira	51,494	0.52
18	Stitching Pty Ltd (SSG Superannuation Fund A/C)	49,162	0.49
19	HESF No1 Pty Ltd (High Expectation S/F A/C)	46,016	0.46
20	Mr Stephe Wilks	30,000	0.30
	Total	9,009,729	90.17

Corporate Directory

Directors
Greg McCann
Chiao-Heng (Charles) Huang
Barry Chan
Jeffrey Ma

Company Secretary
Jeffrey Ma

Registered Office
Suite 802, Level 8, 1 York Street
Sydney NSW 2000
Australia

Telephone	(02) 8448 0633
Facsimile	1300 369 222
Web Site	www.telpacific.com.au

Share Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Stock Exchange Listing
Australian Securities Exchange Limited
ASX Code: TPC

Auditor
Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000

Solicitor
Bird & Bird
Level 11, 68 Pitt Street
Sydney NSW 2000

Marque Lawyers
Level 4, 343 George Street
Sydney NSW 2000

Banker
Westpac Banking Corporation
425 Victoria Avenue
Chatswood NSW 2067

Commonwealth Bank
48 Martin Place
Sydney NSW 2000