amaysim Australia Ltd

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Sydney NSW 2000

www.amaysim.com.au

ABN: 65 143 613 478

24 February 2020

The Manager
Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Interim Report for the half year ended 31 December 2019

Dear Sir or Madam,

In accordance with the Listing Rules, please find enclosed amaysim Australia Limited's (ASX: AYS) interim report for the financial year 2020.

Yours sincerely

Alexander Feldman

amaysim | Chief Strategy Officer, General Counsel & Company Secretary

interim report

For the half-year ended
31 December 2019

amaysim

amaysim Australia Limited and its controlled entities (ABN: 65 143 613 478)

Appendix 4D (rule 4.2A)

Preliminary final report for the half-year ended 31 December 2019.

This Appendix 4D should be read in conjunction with the consolidated financial statements and accompanying notes to the accounts.

RESULTS FOR ANNOUNCEMENT TO THE MARKET	31 December 2019 $'000	31 December 2018 $'000	Up/(down)	Movement %
Net profit/(loss) after tax from continuing operations	3,725	(4,805)	8,530	178%
Net profit/(loss) after tax from discontinued operations	233	(8,939)	9,172	103%
Total net profit/(loss) after tax attributable to members of the Group	**3,958**	**(13,744)**	**17,702**	**129%**
Continuing Operations:				
Revenue from ordinary activities	**244,589**	**263,240**	**(18,651)**	**(7%)**

COMMENTS

On 30 November 2019, the Group acquired 100% of the issued share capital of Jeenee Communications Pty Ltd ("Jeenee"), a privately owned mobile virtual network operator (MVNO).

No dividends have been declared for the financial period ended 31 December 2019.

NET TANGIBLE ASSETS	31 December 2019	30 June 2019
Net tangible assets per security	($0.28)	($0.25)

Additional Appendix 4D disclosure requirements can be found in the directors' report and the 31 December 2019 Interim Financial Report and accompanying notes.

This Appendix 4D report is based on the Interim Financial Report for the period ended 31 December 2019 that has been reviewed by Ernst&Young (EY).

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Directors' Report

Directors and Company Secretary

The directors present their report, together with the financial statements of amaysim Australia Limited (amaysim or the Company) and its subsidiaries (together referred to as the Group) for the half-year ended 31 December 2019.

The directors of the Group during the period and up to the date of this report are shown below.

Andrew Reitzer
Chairman and Independent Non-Executive Director

Peter O'Connell
Chief Executive Officer and Managing Director

Jodie Sangster
Independent Non-Executive Director

Goetz Mauser
Independent Non-Executive Director

Craig Jackson
Independent Non-Executive Director

Thorsten Kraemer
Independent Non-Executive Director
Resigned 23 August 2019

Alex Feldman holds the position of Chief Strategy Officer and General Counsel and has been the Company Secretary since August 2015.

Principal activities

The principal activities of the Group during the period was the delivery of simple and transparent mobile and retail energy plans. amaysim is the largest mobile virtual network operator (MVNO) in Australia with over one million subscribers and one of the leading energy retailers with over 200k subscribers.

Review of operations[1,2]

This half year period was focused on execution of strategic initiatives to move into the growth stage. amaysim Australia Limited reported Group underlying EBITDA for the half year period ended 31 December 2019 ("1H20") of $24,011k, on net revenue of $244,359k.

During the half year period, we significantly increased our marketing investment in mobile to drive growth and have been pleased with the results that this activity is driving. We have been closely monitoring the impact of new energy regulations on the energy business. Despite the regulatory pressure and uncertainty in the market we are pleased with the solid performance of the energy business during the half.

The results reflect the ongoing investment in our strategic initiatives. Due to the strength of our revitalised network supply agreement with Optus, we have never been more agile and competitive in mobile. Our increased marketing investment and activity in mobile is also proving to be highly successful with our recurring mobile subscribers increasing by 11.8% since 30 June 2019 to 706k.

Mobile

Mobile underlying EBITDA was $5,330k on net revenue of $91,331k. Underlying EBITDA was 49.7% lower than the prior six month period to 31 December 2018 ("1H19") and net revenue reduced by 15.4%. The decrease in underlying EBITDA was primarily due to the increased investment in marketing to support mobile subscriber growth.

Recurring mobile subscribers (mobile subscribers that contribute recurring subscription revenue and excludes sporadic subscribers on 'As You Go' plans) grew to 706k. 41k subscribers were added organically since 1 July 2019 and a further 41k subscribers were added following the acquisition of Jeenee, completed on 30 November 2019. This represents an increase of 11.8% on 1H19 (631k).

Including As You Go (AYG) mobile subscribers, which accounted for ~4% of total mobile revenue, the total subscriber base was 1,045k.

ARPU (average revenue per subscriber) on the recurring mobile subscriber base was $22.34 for 1H20, a decline of 15.4% in comparison to 1H19 ($26.42). This was attributable to the highly competitive mobile environment in 2018 and 2019 and the increasing trend towards plans with higher inclusions.

In June 2019, we launched new plans with higher inclusions to deliver greater value to subscribers. This increase in inclusions reduced the reliance on excess revenue from top-ups and the subscriber growth, that is being driven by our increased marketing activity, is now contributing directly to the mobile revenue growth that we are seeing.

Gross profit was 1.6% higher at $36,332k. We have always been focused on maintaining a gross margin of 30% or higher and this half year period we outperformed this, achieving a gross margin of 39.8%. This was an improvement of 674bps from 33.1% in 1H19 and reflects the strength of our revitalised network supply agreement.

During the period, we completed the acquisition of Jeenee. The acquisition forms part of our strategic pillar to grow our mobile business and the acquisition is expected to deliver solid earnings upside in FY21 (the first full year post acquisition).

We demonstrated our track record of successful integration and completed the integration of Jeenee's systems and processes and the migration of Jeenee customers. Pleasingly, the migration churn of Jeenee subscribers was lower than expectations, delivering further upside from the transaction.

There is significant inherent strategic value in our mobile subscriber base and we continue to focus on expanding this base through organic subscriber acquisition and through potential bolt-on acquisitions that make strategic sense.

Energy

Energy underlying EBITDA was in line with 1H19 at $18,681k on net revenue of $153,028k.

Energy subscribers increased 3.4% to 201k on 1H19. Despite an increase in subscribers on 1H19, net revenue was down by 1.3%. This is attributable to a lower ARPU of $125.31, driven by lower energy usage across the customer base. The milder winter weather in July and August led to lower energy consumption across the entire market and increasing solar installations and better energy efficient devices is lowering consumption. The other driver of ARPU is the higher number of gas accounts (up from 26% in 1H19 to 28% in 2H20) which have a lower relative consumption and therefore generate a lower ARPU.

Despite the regulatory pressures, we maintained a strong gross margin of 26.4%, which was a decline of 150bps from 27.9% in 1H19. We expect margins to continue to trend down as the full impact of the regulation is realised. Gross profit for 1H20 totalled $40,388k versus $43,256 in 1H19.

During the half year period, we continued to test and optimise our subscription energy plans which are now live in Victoria, New South Wales and Queensland. We incorporated support for solar that has expanded the acquisition funnel and built in daily usage monitoring charts to give users a more timely and accurate view of their energy usage day-to-day.

We have been successful at increasing the sales contribution from our wholly owned and operated channels (Click and On The Move) and continue to focus on driving sales through more cost effective channels.

1. All comparisons, unless otherwise noted, are half-year ended 31 December 2019 compared to half-year ended 31 December 2018 and refer to the continuing operations of the Company .
2. For definitions of EBITDA and NPAT, and for the reconciliation between statutory and underlying results refer to the Half-Year review of operations on page 6 and page 10 of this document. For further information in relation to changes in accounting standards and discontinued operations refer to Refer to Notes 13 and 7 of this document and to the investor presentation.

Half-Year Operating and Financial Review

During the half year ended 31 December 2019, the Group acquired Jeenee, a privately owned MVNO, further cementing amaysim's position as Australia's leading MVNO. The acquisition forms part of amaysim's strategic pillar to grow its position in the mobile market both organically and through bolt on acquisitions. The acquisition has increased amaysim's mobile recurring subscriber base by 41k and is expected to deliver solid earnings upside in FY21 (the first full year post acquisition) and beyond.

All numbers presented in the half year Operating and Financial Review are for continuing operations.

The results include the impact of changes in accounting standards adopted during the period ended 31 December 2019, referred to as "AASB16".

Also refer to Note 2 "Operating segments", Note 7 "Discontinued Operations", Note 13 "Adoption of AASB16 Leases" and Note 15 "Business Combinations" of this Interim Financial Report.

Group performance summary

The key performance indicators for the current period and prior period for continuing operations are set out below:

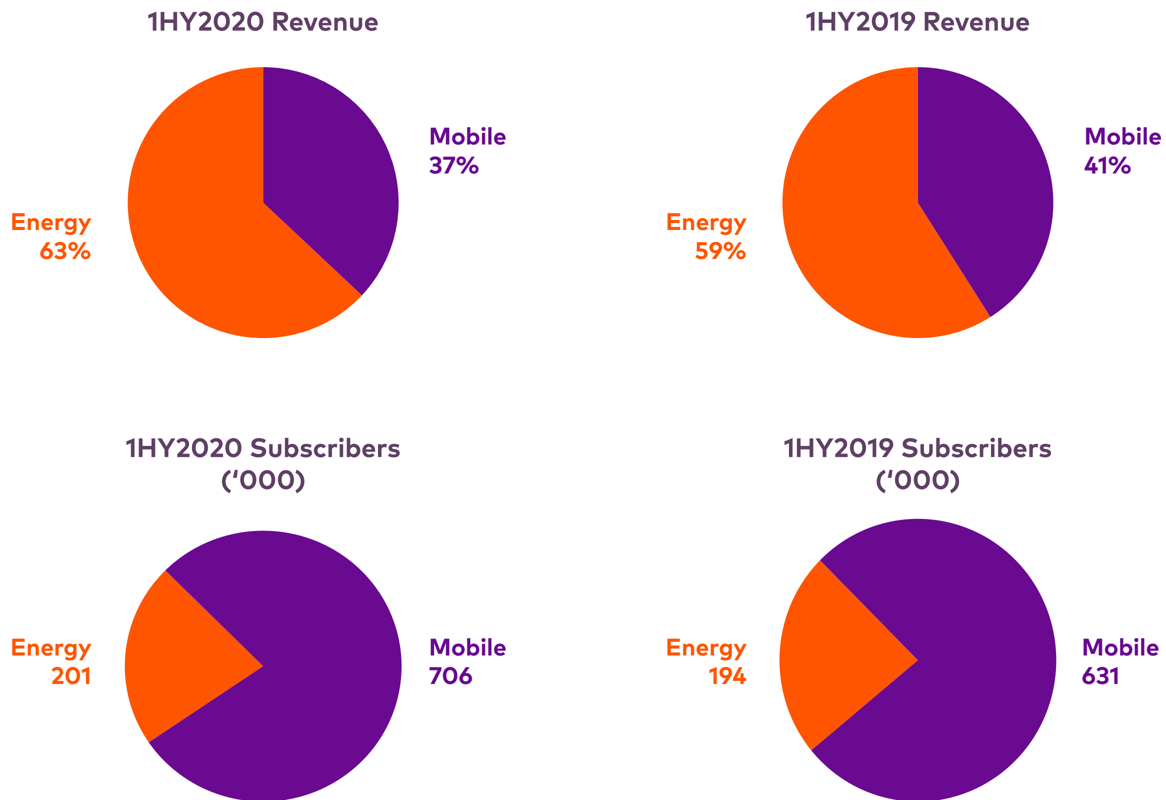
	Continuing Operations		
For the half year ended 31 December 2019	**1HY20**	**1HY19**	**%**
Net revenue ($'000)	244,359	263,046	(7%)
Gross profit ($'000)	76,720	79,002	(3%)
Gross profit margin (%)	31%	30%	100bps
Operating expenses ($'000)(i)	(53,266)	(51,796)	3%
EBITDA ($'000)(i)	23,454	27,206	(13.8%)
NPAT ($'000)(i)	3,725	(4,805)	177.5%
Underlying EBITDA ($'000)(ii)	24,011	29,248	(18%)
Underlying NPAT ($'000)(ii)	4,115	7,636	(46%)
EPS (cents)	1.3	(2.3)	156%
Underlying EPS (cents)	3.9	3.6	8%

(i) Operating expenses excludes network and wholesale related expenses, finance expenses, depreciation, amortisation and impairment.
EBITDA means Earnings before Interest, Tax, Depreciation, Amortisation and Impairment.
NPAT means Net Profit After Tax.

(ii) Underlying is a non statutory measure. For a reconciliation from Statutory to Underlying refer to page 10.

At 31 December 2019, the Group reported net revenue of $244,359k, EBITDA of $23,454k and NPAT of $3,725k.

Revenue



Net revenue of $244,359k for the period represented a 7.1% decrease compared to $263,046k in the prior year, mainly driven by a softer performance of the mobile business which is reflective of an intense competitive market throughout 2018 and 2019 and lower energy consumption across the market.

Mobile revenue of $91,331k, decreased by 15.4% compared to $107,982k in the prior period. This is primarily driven by lower ARPU from the recurring base. In June, we launched new plans with higher inclusions. The increase in inclusions resulted in some subscribers switching to lower price plans and others buying fewer data top ups, which reduced excess revenue. As these additional revenue streams are now a much smaller portion of mobile revenue we expect to see continued revenue growth as the subscriber base increases.

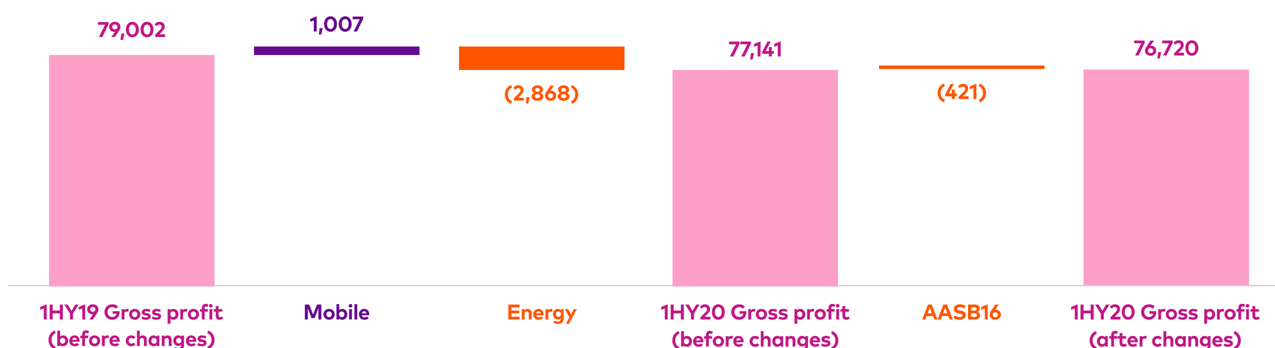
In FY19, we showed the split of our mobile base between 'As You Go' (AYG) customers (non-recurring base) and recurring subscribers. AYG customers are, by nature, sporadic and unpredictable users and can remain in the customer base for over 12 months without using their mobile service or adding more credit. Revenue from the recurring subscriber base (Unlimited customers/Data Plans/Vaya & Jeenee) accounts for the majority (96%) of mobile revenue and therefore splitting these customers from the subscriber base provides better clarity around the recurring nature of the mobile business.

As at 31 December 2019, the recurring mobile subscriber base totalled 706k, including 41k which were acquired through the Jeenee transaction. This represents an increase of 76k, or 11.8%, on the 1H19 comparative recurring mobile subscriber base.

Energy revenue of $153,028k for the period represented a 1.3% decrease compared to $155,064k in the prior half year. Revenue per customer was down 6% to $125.31 (1H19: $133.54). This was driven by lower overall pricing on new products due to regulation changes and lower energy consumption across the market. The milder winter weather in July and August led to lower energy consumption across the entire market and increasing solar installations and better energy efficient devices is lowering consumption. The other driver of ARPU is the higher number of gas accounts which have a lower relative consumption and therefore generate a lower ARPU.

Energy subscribers at 31 December 2019 totalled 201k, representing growth of 3.4% compared to the prior year. Sales contribution from our own channels (Click and On The Move) were strong and despite the raft of regulatory changes, energy has delivered a solid result through its unique and strategic channels to market.

Gross profit



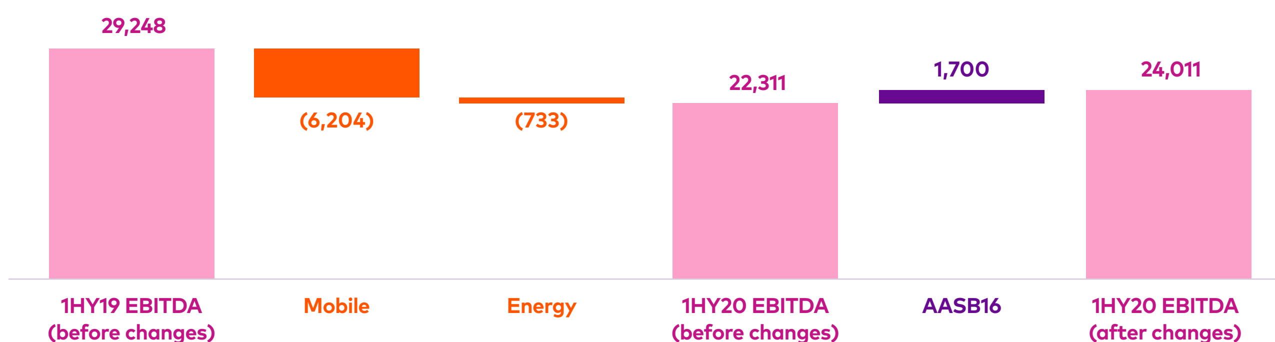
Excluding the impact of adopting AASB16, gross margin for the period is $77,141k, a decrease of 2.4% in comparison to the prior half year. This was mainly driven by the reduction in contribution from energy during the period, offset by the strong growth of mobile gross profit that was due to the strength of our revitalised network supply agreement with Optus.

Energy delivered a gross profit of $40,388k and was not impacted by the adoption of AASB16. This was a reduction of $2,868k in comparison to the prior period, while we also saw a reduction in gross margin from 27.9% to 26.4%.

In mobile, gross profit has increased by $1,007k excluding the adoption of AASB16 while gross profit margin rose to 39.8%.

The changes in accounting standards decreased gross profit by $421k. Refer to Note 13 for further information on AASB16.

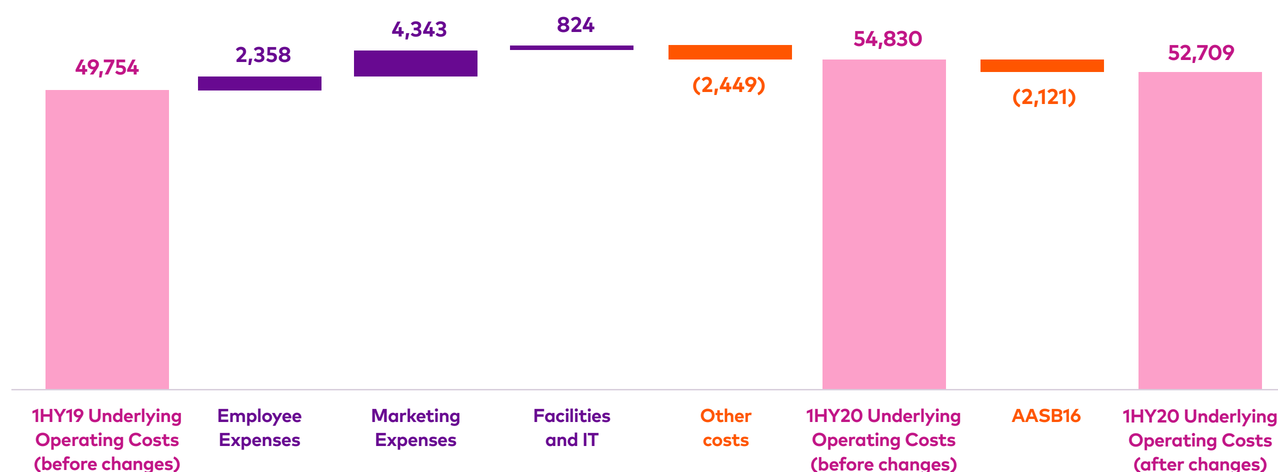
Underlying EBITDA



Excluding the impact of the adoption of AASB16, the Group underlying EBITDA is $22,311k, a decrease of 23.7% on the prior half year. Mobile underlying EBITDA decreased by $6,204k reflecting lower revenue and increased investment in marketing to support subscriber growth. Energy underlying EBITDA decreased by $733k due to a decrease in revenue as a result of lower ARPU driven by lower energy consumption across the customer base.

The changes in accounting standard in relation to AASB16 increased underlying EBITDA by $1,700k to $24,011k as a result of monthly rental payments no longer recognised as facilities expenses in the statement of comprehensive income. Instead, monthly lease payments are booked as a reduction of the lease liability on the balance sheet.

Also refer to page 10 for further information related to the reconciliation of statutory to underlying EBITDA.



During the period, the Group's underlying operating expenses (other than network and wholesale, finance, depreciation, amortisation and impairment expenses) is $54,830k, an increase of $5,076k before impact of AASB16. The main drivers are the following:

- Employee expenses increased by $2,358k. The main drivers related to reinvestment in the technology stack (which was not capitalised), increases in resources to support the development of subscription energy plans and an increase in the Group's long term employee incentive schemes that was in lieu of cash bonuses that were forgone under the short term incentive plan for certain key management personnel.
- Group marketing expenses increased by $4,343k. This reflected the intended increase in marketing investment to support mobile subscriber growth. Up to an additional $15 million will be invested in marketing to support mobile growth in FY20 as outlined at the FY19 results.
- IT and facilities expenses increased by $824k, attributable to increased technology spend associated with the investment in the technology stack to support future growth (which was not capitalised). As a result of the new accounting standard AASB16, facility costs decreased by $2,121k and this can be seen in the table as the impact from AASB16. This standard mandates that operating leases are now recognised on the balance sheet and lease costs are expensed through the depreciation line and finance expenses in the Statement of Comprehensive Income.
- Other costs decreased by $2,449k. The decrease is mainly driven by mobile bad debt expenses which were reduced by $296k and energy bad debt expenses which were reduced by $940k. Other movements in this line item resulted in a decrease in costs of $1,212k related to administration expenses.

After the changes in accounting standards, underlying operating costs increased by $2,955k to $52,709k.

Net Profit After Tax (NPAT)

NPAT from continuing operations was a profit of $3,725k for the half-year ended to 31 December 2019. NPAT has increased $8,530k compared to the half year ended 31 December 2018. The NPAT loss in 1H19 was due to an impairment charge related to Energy customer contracts and distributor relationships.

Refer to the following sections in relation to additional financial information provided and reconciliation of underlying results.

Reconciliation of statutory results to underlying results

Additional financial performance information

Given the nature of certain expenses included in the statutory results, the Directors are of the opinion that underlying financial information provides useful information about the financial performance of the Group. This information should be considered as supplementary to the Consolidated statement of comprehensive income that has been presented in accordance with the Australian Accounting Standards and not as a replacement for them. As these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way amaysim has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures. These measures are reconciled as follows at 31 December 2019:

For the half year ended 31 December 2019 Continuing Operations ($'000)		EBITDA	NPAT
Statutory results		**23,454**	**3,725**
Add back / (deduct):			
Restructure expenses	(i)	(138)	(138)
Integration and acqusition expenses	(ii)	695	695
Income tax adjustments	(iii)	-	(167)
Underlying results		**24,011**	**4,115**

(i) Restructure expenses relate to the reversal of an over provision for termination expenses associated with restructuring activities for year ended 30 June 2019.

(ii) Integration and acquisition expenses relate to legal, consulting, strategic advice and advisors success fees incurred on the acquisition of Jeenee.

(iii) Income tax adjustments relate to the tax impacts of the underlying NPAT adjustments.

For the half year ended 31 December 2018 Continuing Operations ($'000)		EBITDA	NPAT
Statutory results		27,206	(4,805)
Add back / (deduct):			
Restructure expenses	(i)	620	620
Integration expenses	(ii)	194	194
ACCC legal proceedings	(iii)	1,228	1,228
Impairment charge	(iv)	-	15,732
Income tax adjustments	(v)	-	(5,333)
Underlying results		**29,248**	**7,636**

(i) Restructure expenses relate to staff redundancy and termination associated with restructuring activities in so far as they impacted continuing businesses during the year.

(ii) Integration expenses are related to Click's reorganisation and transition of the On The Move call center.

(iii) At 31 December 2018, the Group provided $1,228k for costs and potential penalties in relation to the Australian Competition and Consumer Commission legal proceedings which were commenced on 9 July 2018 against an amaysim subsidiary, amaysim Energy Pty Ltd, in relation to statements about discounts and savings related to its energy products.

(iv) Impairment charge related to Energy customer contracts and distributor relationships, as a result of a higher churn therefore a shorter customer life. Refer to Note 11 of this Interim Financial Report.

(v) Income tax adjustments relate to the tax impacts of the underlying NPAT adjustments.

Update on Strategy

amaysim's vision is to be Australia's best customer focused utilities provider. In order to achieve this, we have a focused growth strategy and we have made excellent progress in all three strategic pillars during the half year period.

Growing our core mobile recurring subscriber base

- Launched new competitive plans and marketing campaigns that accelerated subscriber growth with 41k new subscribers added in the 6-month period to 31 December 2019 and strong growth has continued into 2H20
- Acquired Jeenee Mobile and added a further 41k subscribers
- Focused on improving churn across the subscriber base. Average monthly churn for 1H20 for the total mobile subscriber base (recurring subscribers and AYG subscribers) was 2.4%

Change the Australian retail energy market with disruptive subscription energy plans

- Launched subscription energy plans in NSW and QLD following the roll-out of plans in VIC in May 2019
- Modest but steady organic growth and we will continue to test and optimise energy plans ahead of a more extensive launch and marketing activity which is not expected until FY21 when we have a clearer understanding of the impact from the energy regulatory change
- Added support for solar customers during the half year period, expanding the potential customer acquisition funnel
- Continued to grow our traditional energy base by focusing on providing excellent customer experience and simple effective plan options
- Continue to play a role in helping to shape the national dialogue and regulation through ongoing legal submissions, commentary and lobbying activity

Build a trusted brand for subscription utility services

- Marketing activity and investment improved unprompted brand awareness by 300 bps to 19%
- NPS (net promoter score) continues to improve; +46 for the amaysim brand in the November quarter (the highest it has been since May 2017)
- Complaints remain at a low with the latest CommsAlliance Complaints in Context Report for July to September 2019 reporting that amaysim has the lowest number of Telecommunications Industry Ombudsman (TIO) complaints compared to other telecom companies.
- Enhancements to tech stack to support growth are well underway and expected to deliver better customer experience, engagement and improve marketing capabilities

Outlook

The Board and Management are confident that the outlook for the mobile business is strong. We continue to hold a leading position in the MVNO market and there is significant inherent strategic value in our growing recurring subscriber base to us and to our wholesale services provider.

We are pleased with how our mobile business has continued to grow into 2H20 and we will continue to reinvest in marketing initiatives to support and drive sustained and commercially viable growth.

The number of services in operation (SIO) in Australia is growing and we believe that our compelling suite of mobile plans, sustained marketing and an excellent customer service will support us to secure more market share.

The increase in our Senior Debt Facility provides further capacity for acquisitions and following the success of the acquisition of Jeenee, we will continue to consider bolt-on acquisitions that make strategic sense and allow us to leverage our operating structure.

While ARPU is still under pressure, we are seeing some stabilisation. We have now worn a decrease in ARPU that was the result of increased inclusions to deliver customers better value plans and we are now seeing month-on-month revenue growth.

It is typical that energy usage in the second half is lower due to seasonality and as a result the contribution from energy is expected to be lower in 2H20.

Since the majority of the regulatory changes took effect during 1H20 they could therefore have more impact on the second half and we continue to monitor and manage our margin in the revised regulatory environment. Lower margin has had a positive

impact on customer retention and we continue to focus on providing an excellent customer experience and leveraging our own sales channels to drive growth of the energy base.

We continue to test and improve our subscription energy plans ahead of a full launch, we will be patient with this launch and wait to determine the full margin impact from the regulatory change.

It is clear the market is in need of more consumer friendly, transparent and simpler energy plans and we are seeing larger energy providers begin to support this shift. We welcome this support in the market for subscription energy plans as it will help to drive awareness and consumer acceptance of this new approach.

We are focused on continuing to drive forward our strategic initiatives and reiterate FY20 guidance of underlying EBITDA in the range of $33 million - $39 million (on a 'New GAAP' basis that takes into account the impact of AASB9, AASB15 and AASB16). Guidance takes into consideration a seasonally lower energy consumption in the second half, lower energy margin and the continued reinvestment into mobile marketing and assumes no material changes or adverse effects from market conditions, operating environments or business circumstances.

Auditor's independence declaration

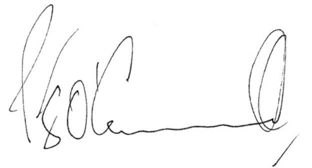
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded under the option available to the group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The group is an entity to which the Class Order applies, and in accordance with the Class Order, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars (where rounding is appropriate), or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Andrew Reitzer
Chairman and Independent Non-Executive Director



Peter O'Connell
Chief Executive Officer and Managing Director

24 February 2020

Auditors Independence Declaration

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Auditor's Independence Declaration to the Directors of amaysim Australia Ltd

As lead auditor for the review of the half-year financial report of amaysim Australia Ltd for the half-year ended 31 December 2019, I declare 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 review; and

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

This declaration is in respect of amaysim Australia Ltd and the entities it controlled during the financial period.

Ernst & Young

John Robinson
Partner
24 February 2020

Consolidated statement of comprehensive income

for the half-year ended 31 December 2019

	Notes	31 December 2019 $'000	31 December 2018 $'000
Revenue and other income			
Service revenue	3	242,771	261,305
Other revenue	3	1,588	1,741
Interest income		230	194
Total revenue and other income		**244,589**	**263,240**
Expenses			
Network and wholesale related expenses		(167,639)	(184,044)
Employee expenses		(25,933)	(24,412)
Marketing expenses		(12,134)	(7,724)
IT and facilities expenses		(5,546)	(6,843)
Depreciation, amortisation and impairment	4	(16,547)	(29,010)
Finance expenses		(2,047)	(3,875)
Integration and acquisition expenses		(695)	(183)
Other expenses		(8,958)	(12,634)
Total expenses		**(239,499)**	**(268,725)**
Profit/ (Loss) before income tax		**5,090**	**(5,485)**
Income tax (expense)/benefit	5	(1,365)	680
Profit / (Loss) after tax from continuing operations		**3,725**	**(4,805)**
Profit / (Loss) from discontinued operations, after tax	7	233	(8,939)
Profit / (Loss) for the period		**3,958**	**(13,744)**
Profit / (Loss) attributable to members of amaysim Australia Ltd		**3,958**	**(13,744)**

		Cents	Cents
EPS for profit/(loss) from continuing operations attributable to members of amaysim Australia Ltd			
Basic earnings per share		**1.3**	(2.3)
Diluted earnings per share		**1.2**	(2.3)

		$'000	$'000
Other comprehensive income for the year			
Items that may subsequently reclassify to profit or loss			
(Loss)/Gain in fair value of cash flow hedges		(2,579)	14,705
Income tax relating to cash flow hedges		774	(4,412)
Exchange differences on translation of foreign operations		47	174
Other comprehensive (loss)/income for the period net of tax		**(1,758)**	**10,467**
Total comprehensive profit/(loss) attributable to members of amaysim Australia Ltd		**2,200**	**(3,277)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
For Discontinued Operations refer to to Note 7 for further details.
For the impact of the adoption of AASB16 in line with Australian Accounting Standards, refer to Note 13 for further details.

Consolidated balance sheet

as at 31 December 2019

	Notes	31 December 2019 $'000	30 June 2019 $'000
CURRENT ASSETS			
Cash and cash equivalents		39,662	30,651
Trade receivables		38,031	48,097
Prepayments		9,065	3,363
Other current assets		1,531	1,682
Derivative financial instruments	10	1,695	3,337
Net investment in sublease	13	827	-
Current tax assets		801	-
Total current assets		**91,612**	**87,130**
NON-CURRENT ASSETS			
Intangible assets	11	181,692	180,008
Property, plant and equipment(i)		13,325	6,154
Other non-current assets		684	619
Derivative financial instruments	10	535	194
Net investment in sublease	13	371	-
Deferred tax assets		478	367
Total non-current assets		**197,085**	**187,342**
TOTAL ASSETS		**288,697**	**274,472**
CURRENT LIABILITIES			
Trade and other payables	8	79,550	85,058
Deferred revenue		8,627	7,460
Provisions		6,656	9,536
Lease liabilities	13	3,728	-
Derivative financial instruments	10	3,320	2,090
Customer deposits		2,236	2,192
Current tax liabilities		-	247
Total current liabilities		**104,117**	**106,583**
NON-CURRENT LIABILITIES			
Borrowings	9	64,358	56,515
Lease liabilities	13	6,502	-
Other non-current liabilities		3,155	3,118
Provisions		1,624	1,420
Derivative financial instruments	10	129	376
Total non-current liabilities		**75,768**	**61,429**
TOTAL LIABILITIES		**179,885**	**168,012**
NET ASSETS		**108,812**	**106,460**
EQUITY			
Contributed equity	12(a)	167,163	167,163
Other equity	12(b)	(2,012)	-
Equity compensation reserve		(6,357)	(8,383)
Cashflow hedge reserve		(732)	1,073
Foreign currency translation reserve		162	115
Retained profits		14,559	10,463
Accumulated losses (prior years)		(63,971)	(63,971)
TOTAL EQUITY		**108,812**	**106,460**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.
(i) The movement in Property, Plant and Equipment is in relation to Right of Use Assets due to AASB16. Refer to Note 13 for further information.

Consolidated statement of changes in equity

for the half-year ended 31 December 2019

	Notes	Contributed equity	Equity compensation reserve	Other Equity	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening Balance at 1 July 2018		**118,290**	**(8,160)**	**-**	**(5,473)**	**(343)**	**(38,777)**	**65,537**
Loss after tax for the period		-	-	-	-	-	(13,744)	(13,744)
Other comprehensive income		-	-	-	10,293	174	-	10,467
Total comprehensive loss for the period		**-**	**-**	**-**	**10,293**	**174**	**(13,744)**	**(3,277)**
Transactions with owners in their capacity as owners:				-				
Dividends paid	6	-	-	-	-	-	-	-
Share based payments expense	14	-	241	-	-	-	-	241
Closing Balance at 31 December 2018		**118,290**	**(7,919)**	**-**	**4,820**	**(169)**	**(52,521)**	**62,501**
Closing Balance as at 30 June 2019		**167,163**	**(8,383)**	**-**	**1,073**	**115**	**(53,508)**	**106,460**
Adoption of AASB16 (i)		**-**	**-**	**-**	**-**	**-**	**138**	**138**
Balance at 1 July 2019 (inc. AASB16)		**167,163**	**(8,383)**	**-**	**1,073**	**115**	**(53,370)**	**106,598**
Profit after tax for the period		-	-	-	-	-	3,958	3,958
Other comprehensive income (ii)		-	-	-	(1,805)	47	-	(1,758)
Total comprehensive profit for the period		-	-	-	(1,805)	47	3,958	2,200
Transactions with owners in their capacity as owners:								
Acquisition of treasury shares	12(b)	-	-	(2,012)	-	-	-	(2,012)
Dividends paid	6	-	-	-	-	-	-	-
Share based payments expense	14	-	2,026	-	-	-	-	2,026
Closing Balance at 31 December 2019		**167,163**	**(6,357)**	**(2,012)**	**(732)**	**162**	**(49,412)**	**108,812**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
(i) For the impact of the adoption of AASB16 in line with Australian Accounting Standards, refer to Note 13 for further details.
(ii) ($1,805k) movement in other comprehensive income corresponds to the fair value of derivatives financial instruments as disclosed in Note 10.

Consolidated statement of cash flows

for the half-year ended 31 December 2019

	Notes	31 December 2019 $'000	31 December 2018 $'000
Cash flows from operating activities			
Receipts from customers (incl. of GST)		280,200	312,125
Payments to suppliers and employees (incl. of GST)		(262,532)	(286,562)
Income tax (paid)/refund		(460)	964
Finance expenses		(1,709)	(3,170)
Interest received		230	194
Net cash inflows from operating activities		**15,729**	**23,551**
Cash flows from investing activities			
Payment for the acquisition of subsidiary, net of cash acquired	15	(7,770)	-
Payments for property, plant and equipment		(142)	(316)
Payments for intangible assets		(3,156)	(2,368)
Decrease in security deposits and bank guarantees		154	205
Principal payments from sublease		246	-
Net cash outflows from investing activities		**(10,668)**	**(2,479)**
Cash flows from financing activities			
Principal payments of lease liabilities		(1,838)	-
Purchase for shares acquired by amaysim Equity Plans Trust	12(b)	(2,012)	-
Repayment of borrowings		-	(5,000)
Proceeds from borrowings		7,800	-
Net cash inflows/(outflows) from financing activities		**3,950**	**(5,000)**
Net increase in cash and cash equivalents		9,011	16,072
Cash and cash equivalents at the beginning of the financial period		30,651	9,778
Cash and cash equivalents at end of period		**39,662**	**25,850**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.
The consolidated statement of cash flows has not been restated for discontinued operations, in line with Australian Accounting Standards.

Notes to the consolidated financial statements

for the half-year ended 31 December 2019

1. Basis of preparation

This condensed consolidated interim Financial Report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by amaysim Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim Financial Report is prepared in accordance with the historical cost convention, except for financial instruments which are recorded at fair value.

During the period, AASB16 "Leases" has been adopted. Refer to the section outlined below for additional information. The other accounting policies are consistent with those of the previous financial year and corresponding interim reporting period. All other new standards and interpretations applicable from 1 July 2019 have been applied with no significant impact.

During the period, the Group acquired Jeenee Communications Pty Ltd ("Jeenee"), a privately-owned mobile virtual network provider (MVNO). Refer to the section outlined below for additional information on the accounting policy for the business combination.

(i) Working capital deficiency

The Group has net assets of $108,812k as at 31 December 2019 (30 June 2019: net assets of $106,460k).

As at 31 December 2019, the Group's current liabilities exceed current assets by $12,505k (30 June 2019:$19,453k). The working capital position in FY20 has improved compared to FY19 mainly due to the improved cash position. The historical working capital deficits are a result of a positive trading cash flow cycle for both the mobile segment and energy segment. Inflows from customer payments are received faster than the Group is required to pay major creditors which are on fixed payment terms, and certain liabilities which, in practice, can be deferred beyond the short term.

The Group also has a history of generating positive operating cash flows and managing the business to ensure debts are paid as and when they fall due, despite the net working capital deficits detailed above. The Group generated $15,729k from operating activities during for the half-year (31 Dec 2019: $23,551k). With the Company generating positive operating cash flows and paying liabilities as and when they fall due, the financial statements are prepared on a going concern basis.

(ii) Rounding

The amounts contained in this report and in the financial report have been rounded under the option available to the Group under ASIC Corporations (Rounding in Financial) Instrument 2016/191. The Group is an entity to which the Class Order applies, and in accordance with the Class Order, amounts in the Financial Report have been rounded to the nearest thousand dollars (where rounding is appropriate), or in certain cases, to the nearest dollar.

New and amended standards adopted by the Group

"AASB16 Leases" became applicable during the period therefore the Group made modified retrospective adjustments as a result of adoption. The impact of the adoption of the new standard is disclosed in Note 13 of this half-year financial report.

Significant accounting judgement, estimates and assumptions

In preparing its half-year financial report, the Group has used significant judgements and estimates. These are consistent with those applied in the Group's 2019 Annual Report. For significant judgements and estimates used in relation to business combinations refer to section below. Refer to Note 13 for further details around significant judgements and estimates related to AASB16.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair value of the assets transferred by the Group;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

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.

Acquisition–related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non–controlling interest in the acquired entity, and
- acquisition–date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Significant judgements were used to determine the fair value of the acquired net assets. Under AASB3, business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional accounts recognised and also recognises assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on the earlier of:

(a) 12 months from the date of acquisition or

(b) when the acquirer receives all the information to determine fair value.

Refer to Note 15 for further information.

2. Operating segments

(a) Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Chief Operating Decision Maker (CODM). The term CODM refers to the role performed by the Chief Executive Officer in assessing performance and determining the allocation of resources.

In line with year ended 30 June 2019, there are two operating segments at 31 December 2019:

- **Mobile:** includes services provided to amaysim, Vaya and Jeenee customers
- **Energy:** services provided to customers for electricity and gas, since acquisition of Click Energy on 1 May 2017.

The CODM primarily uses Underlying EBITDA (earnings before interest, tax, depreciation, amortisation and impairment) to assess the performance of the operating segments. Underlying EBITDA has been calculated from statutory data and excludes the impact of any acquisition related expenses and restructure expenses. The CODM also receives information about segment revenue, asset allocation and other non-statutory measures on a monthly basis. The note includes a reconciliation between statutory and non-statutory measures.

Following the adoption of AASB16 "Leases" on 1 July 2019, the Group's statutory results for the half year ended 31 December 2019 are on an AASB16 basis, whereas the statutory results for the year ended 30 June 2019 are on an AASB117 "Leases" basis as previously reported.

During the financial year ended 30 June 2019, Broadband and Devices were discontinued and therefore the segment note relates only to continuing operations. Refer to the 2019 Annual Report for further information.

(b) Segment results for the current period

For the half-year ended 31 December 2019 $'000	Results before impact of AASB16			Impact of AASB16 (iii)			Results after impact of AASB16		
	Mobile	Energy	TOTAL	Mobile	Energy	TOTAL	Mobile	Energy	TOTAL
Service revenue	90,252	152,519	242,771			-	90,252	152,519	242,771
Other revenue (i)	1,500	509	2,009	(421)	-	(421)	1,079	509	1,588
Net revenue	**91,752**	**153,028**	**244,780**	**(421)**	**-**	**(421)**	**91,331**	**153,028**	**244,359**
Network and wholesale related expenses	(54,999)	(112,640)	(167,639)	-	-	-	(54,999)	(112,640)	(167,639)
Gross margin	**36,753**	**40,388**	**77,141**	**(421)**	**-**	**(421)**	**36,332**	**40,388**	**76,720**
						-			
Operating expenses (ii)	(32,362)	(22,468)	(54,830)	1,360	761	2,121	(31,002)	(21,707)	(52,709)
Underlying EBITDA	**4,391**	**17,920**	**22,311**	**939**	**761**	**1,700**	**5,330**	**18,681**	**24,011**
Non - underlying expenses			(557)						(557)
EBITDA			**21,754**			**1,700**			**23,454**
Depreciation, amortisation and impairment (iv)			(15,001)			(1,546)			(16,547)
Net finance cost (v)			(1,566)			(251)			(1,817)
Profit before tax			**5,187**			**(97)**			**5,090**
Income tax			(1,394)			29			(1,365)
Profit after tax			**3,793**			**(68)**			**3,725**
Segment Assets as at 31 December 2019(vi)							97,189	191,462	**288,651**
Segment Liabilities as at 31 December 2019(vii)							(125,484)	(54,090)	**(179,574)**

(i) AASB16 impacts Mobile Gross Margin because sub-lease proceeds are no longer recognised as other revenue which is consistent with the head lease rent no longer being recognised as operating expenses. The sub lease payments from the sub-lessee are now recognised on the Balance Sheet as Net investment in sublease.

(ii) AASB16 impacts Mobile and Energy operating expenses because rent payments are no longer recognised as facilities expenses. Instead, monthly lease payments are booked as a reduction of the Lease Liability on the Balance Sheet.

(iii) Refer to Note 13 for further details in relation to AASB16.

(iv) AASB16 impacts depreciation, amortisation and impairment as Right of Use assets are depreciated on a straight line basis over the term of the respective lease agreement.

(v) AASB16 impacts net finance cost as net investment in the sublease is measured as the present value of future sublease proceeds and each reporting period, the unwinding of the discount rate is recognised as interest income. Lease liabilities are measured as the present value of future lease payments and each reporting period, the unwinding of the discount rate is recognised as finance expenses.

(vi) Assets for Mobile include the current tax assets of the Group. Total assets do not agree to the Balance Sheet as a result of the discontinued operations.

(vii) Liabilities for Mobile include total Group borrowings (Note 9), accrued interest expense and deferred tax liabilities. Total liabilities do not agree to the Balance Sheet as a result of the discontinued operations.

(c) Reconciliation of underlying results to statutory results for the current period

The table below reconciles the underlying financial information to the statutory financial information. The table below is included in the Directors' Report for the half year ended 31 December 2019.

For the half-year ended 31 December 2019 $'000	Note	Continuing operations under new accounting standards and new accounting policies
Underlying EBITDA		**24,011**
Add back/(deduct):		
Acquisition expenses	(i)	(695)
Restructure expenses	(ii)	138
EBITDA		**23,454**

(i) Acquisition expenses are costs directly related to the acquisition of Jeenee Communications Pty Ltd on 30 November 2019.

(ii) Restructure expenses relate to the reversal of an over provision for termination expenses associated with restructuring activities for year ended 30 June 2019.

(d) Segment results for the prior comparative period

For the half-year ended 31 December 2018 $'000	Continuing operations		
	Mobile	Energy	TOTAL
Service revenue	106,784	154,521	261,305
Other revenue	1,198	543	1,741
Net revenue	**107,982**	**155,064**	**263,046**
Network and wholesale related expenses	(72,236)	(111,808)	(184,044)
Gross margin	**35,746**	**43,256**	**79,002**
Operating expenses	(25,151)	(24,603)	(49,754)
Underlying EBITDA	**10,595**	**18,653**	**29,248**
Non - underlying expenses			(2,042)
EBITDA			**27,206**
Depreciation, amortisation and impairment			(29,010)
Net finance cost			(3,681)
Profit before tax			**(5,485)**
Income tax			680
Profit after tax			**(4,805)**
Segment Assets as at 30 June 2019 (i)	79,890	194,541	**274,431**
Segment Liabilities as at 30 June 2019 (ii)	(110,915)	(56,403)	**(167,318)**

(i) Assets for Mobile include the current tax assets of the Group. Total assets do not agree to the balance sheet as a result of the discontinued operations.

(ii) Liabilities for Mobile include total Group borrowings (Note 9), accrued interest expense and deferred tax liabilities. Total liabilities do not agree to the balance sheet as a result of the discontinued operations.

(e) Segment results for the prior comparative period

The table below reconciles the underlying financial information to the statutory financial information.

For the half-year ended 31 December 2018 $'000	Note	Continuing operations under new accounting standards and new accounting policies
Underlying EBITDA		**29,248**
Add back/(deduct):		
Restructure expenses	(i)	(620)
Integration expenses	(ii)	(194)
ACCC legal proceedings	(iii)	(1,228)
EBITDA		**27,206**

(i) Restructure expenses relate to staff redundancy and termination expenses associated with restructuring activities which impacted continuing operations during the year.

(ii) Integration expenses are related to Click's reorganisation and transition of On The Move call center.

(iii) ACCC legal proceedings relate to costs and penalties payable to Australian Competition and Consumer Commission proceedings which commenced on 9 July 2018 against an amaysim subsidiary, amaysim Energy Pty Ltd, in relation to statements about discounts and savings related to its energy products.

3. Disaggregated revenue

The Group derives the following types of revenue:

For the half-year ended	31 December 2019 $'000	31 December 2018 $'000
Subscription revenue (i)	87,723	103,281
As You Go	2,529	3,503
Other Mobile revenue	1,079	1,198
Mobile revenue	**91,331**	**107,982**
Electricity	117,076	124,065
Gas	35,443	30,456
Other Energy revenue	509	543
Energy revenue	**153,028**	**155,064**
Total revenue	**244,359**	**263,046**

(i) includes unlimited, data plans, Vaya and Jeenee revenue.

4. Expense items

The Group derives the following types of expenses:

For the half-year ended	Notes	31 December 2019 $'000	31 December 2018 $'000
Depreciation			
Property, plant and equipment		1,246	720
Depreciation on Right of Use Assets	13	1,546	-
Total Depreciation		**2,792**	**720**
Amortisation			
Intangible assets	11	7,947	8,202
Costs to acquire a contract	11	5,808	4,356
Total Amortisation		**13,755**	**12,558**
Impairment		-	15,732
Total depreciation, amortisation and impairment		**16,547**	**29,010**

The depreciation on Right of Use Assets is in relation to AASB16. Refer to Note 13 for further information.

5. Income tax

For the half-year ended	Notes	31 December 2019 $'000	31 December 2018 $'000
a) Income tax expense/(benefit)			
Current tax		547	3,657
Deferred tax		1,015	(8,555)
Prior year (over)/under provision*		(97)	431
Total income tax expense/(benefit)		**1,465**	**(4,467)**
Income tax expense/(benefit) is attributable to:			
Profit/(loss) from continuing operations (as reported in the consolidated statement of comprehensive income)		1,365	(680)
Profit/(loss) from discontinued operations (Note 7)		100	(3,787)
Total		**1,465**	**(4,467)**
Deferred income tax			
Decrease/(increase)in deferred tax assets		1,924	(1,327)
Decrease in deferred tax liabilities		-	(7,433)
Total deferred tax expense/(benefit)		**1,924**	**(8,760)**
(b) Tax reconciliation			
Profit/(loss) before tax - continuing operations		5,090	(5,485)
Profit/(loss) before tax - discontinued operations		333	(12,726)
Profit/(loss) before tax		**5,423**	**(18,211)**
Tax at 30% (31 December 2018 - 30%)		**1,627**	**(5,463)**
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:			
Amortisation of intangibles		110	110
Research and development expenditure		(114)	(6)
Share-based payments		(218)	148
Entertainment		22	41
Prior year (over)/under provision		(97)	432
Non deductible acquisition cost		135	-
ACCC legal proceedings		-	271
Income tax expense/(benefit)		**1,465**	**(4,467)**

* The prior year under / (over) provision includes current and deferred tax as follows:

- $97k prior year under provision at 31 December 2019 includes an impact ($1,004k) for current tax, net of an impact of $908k for deferred tax.
- $431k prior year under provision at 31 December 2018 includes an impact $635k for current tax, net of an impact of ($204k) for deferred tax.

6. Dividends

a) Dividends

No dividends have been paid during the half year ended 31 December 2019. No further dividends have been declared for the half year ended 31 December 2019 (31 December 2018: nil).

7. Discontinued Operations

a) Description

On 27 August 2018, the Group announced the decision to discontinue devices; the cash generating unit (CGU) has been reported as a discontinued operation. On 26 October 2018, the Group announced the decision to sell its Broadband customer base to Southern Phone Company Limited and to discontinue the business. The transaction was completed on 29 October 2018 with the migration of all Broadband customers onto Southern Phone's platform completed by April 2019. Financial information relating to the discontinued operations for the period is set out below.

b) Financial Performance and Cash Flow Information

The financial performance and cash flow information presented reflects the operations for Broadband and Devices for the half-year ended 31 December 2019 and the comparative information for the half-year ended 31 December 2018.

For the half-year ended 31 December 2019	Devices $'000	Broadband $'000	Total $'000
Expenses from the cessation of trade (i)	170	163	333
Loss before income tax of discontinued operations	**170**	**163**	**333**
Income tax expense	(51)	(49)	(100)
Profit from discontinued operation	**119**	**114**	**233**
Net cash outflow from operating activities	(154)	(36)	**(190)**
Net cash decrease generated by discontinued operations	**(154)**	**(36)**	**(190)**

(i) Expenses from the cessation of trade relate to release of provisions raised during year ended 30 June 2019.

For the half-year ended 31 December 2018	Devices $'000	Broadband $'000	Total $'000
Revenue	915	4,302	**5,217**
Operating expenses	(1,773)	(8,543)	**(10,316)**
Expenses from the cessation of trade	(706)	(2,705)	**(3,411)**
Loss before income tax of discontinued operations	**(1,564)**	**(6,946)**	**(8,510)**
Income tax benefit	468	2,053	**2,521**
Loss after income tax of discontinued operations	**(1,096)**	**(4,893)**	**(5,989)**
Loss/(Gain) on disposal of discontinued operation (Refer to Note c below)	(59)	2,718	**2,659**
Impairment of Intangibles and PPE	-	(6,875)	**(6,875)**
Income tax benefit from disposal	18	1,248	**1,266**
Loss on disposal of discontinued operation after tax	**(41)**	**(2,909)**	**(2,950)**
Loss from discontinued operation	**(1,137)**	**(7,802)**	**(8,939)**
Net cash outflow from operating activities	(123)	(1,845)	**(1,968)**
Net cash inflow from investing activities	-	2,979	**2,979**
Net cash (decrease)/increase generated by discontinued operations	**(123)**	**1,134**	**1,011**

c) Details from sale of discontinued operations

The consideration received relates to the sale of the Broadband customer base to Southern Phone Company Limited during the half year ended 31 December 2018. No further consideration was received during the half year ended 31 December 2019 and no further assets were disposed of.

For the half-year ended 31 December 2018	Devices $'000	Broadband $'000	Total $'000
Consideration received or receivable:			
Cash	-	2,979	**2,979**
Total consideration	**-**	**2,979**	**2,979**
Carrying Value of Net Assets Disposed of	(59)	(261)	**(320)**
(Loss)/Profit on disposal of discontinued operation before tax	**(59)**	**2,718**	**2,659**

8. Trade and other payables

As at	31 December 2019 $'000	30 June 2019 $'000
Trade payables	34,354	27,091
Accrued expenses	16,507	27,435
Unbilled wholesale accrual	5,896	7,906
Unbilled network accrual	12,804	16,517
Renewable cost liability	9,989	6,109
Total trade and other payables	**79,550**	**85,058**

9. Borrowings

As at	31 December 2019 $'000	30 June 2019 $'000
Bank loans	64,850	57,050
Capitalised borrowing costs	(492)	(535)
Total borrowings	**64,358**	**56,515**

a) Accounting Policies

Borrowings (excluding bank guarantees) are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs. These transaction costs are capitalised as a prepayment and amortised over the period of the facility. Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is satisfied, discharged, cancelled or expired.

b) Syndicated Loan Facility

(i) Syndicated Facility

In April 2019, the Group refinanced the existing debt facility by amending the Syndicated loan facility ("Facility") with the Commonwealth Bank of Australia and Westpac Banking Corporation. The amended facility limit is $105 million as at 31 December 2019 ($96.5m utilised as at 31 December 2019) and is made of the following three components:

- Facility A is a multi-option facility consisting of a revolving loan facility and a revolving bank guarantee facility totaling $20 million ($19.7m utilised as at 31 December 2019). Facility A will mature in March 2022;
- Facility B is a revolving bank guarantee facility totaling $31 million ($29m utilised as at 31 December 2019). Facility B will mature in March 2022; and
- Facility C is a term loan facility totaling $54 million ($47.8m utilised as at 31 December 2019). Facility C will mature in March 2023.

On 29 November 2019, the Group secured an additional $14m facility to fund future acquisitions. During 1H20 the Group has drawn down $7.8m of debt to fund the acquisition of Jeenee Communications Pty Ltd.

The Facility has a floating interest rate, as a result the Group is exposed to fluctuations in interest rates. On 5 September 2017 amaysim purchased an interest rate collar, protecting the Group from rising interest rates with a maturity date of 31 March 2020. Under the Facility, the Group is subject to financial covenants, typical for a facility of this nature, tested on a quarterly basis. There has been no breach of the financial covenants during the period.

(ii) Bank Guarantee

Bank guarantees are primarily used for operational purposes by the Mobile and Energy businesses. On 31 December 2019, the total bank guarantees on issue is $31.7 million.

10. Fair Value Measurements

As at 31 December 2019 the Group holds energy derivatives, currency hedges and an interest rate collar that require fair value measurement. The fair values of all financial instruments held on the balance sheet as at 31 December 2019 equal the carrying amount and are a net liability of $1,219k ($2,230k of an asset and $3,449k of a liability). At 30 June 2019, derivatives represented a net asset of $1,065k (made up of an asset of $3,531k and a liability of $2,466k). Fair value measurements and fair value hierarchy is outlined in (i) below.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows in the table below.

Recurring fair value measurements ($'000)	Level 2	Level 3
For the half year ended 31 December 2019		
Financial assets		
Energy Hedge Contracts	-	2,097
Currency hedges	133	-
Total financial assets	**133**	**2,097**
Financial liabilities		
Currency hedges	-	-
Interest rate collar	(55)	-
Energy Hedge Contracts	-	(3,394)
Total financial liabilities	**(55)**	**(3,394)**
Recurring fair value measurements ($'000)	**Level 2**	**Level 3**
For the year ended 30 June 2019		
Financial assets		
Energy Hedge Contracts	-	3,531
Currency hedges	-	-
Total financial assets	**-**	**3,531**
Financial liabilities		
Currency hedges	(25)	-
Interest rate collar	(140)	-
Energy Hedge Contracts	-	(2,301)
Total financial liabilities	**(165)**	**(2,301)**

Derivatives for currency hedges and energy hedges are classified as fair value through other comprehensive income and any ineffectiveness is recognised through profit and loss. The interest rate collar is classified as fair value through profit and loss.

There have been no transfers between the levels of the fair value hierarchy in the half year ended 31 December 2019. The valuation techniques for the energy Load Following Swap contracts were amended following the latest IFRS Interpretations Committee ("IFRIC") update (IFRIC 9). The update discusses the application of the highly probable requirement when a specific derivative is designated as a hedging instrument especially hedging relationships using Load Following Swap contracts as hedging instruments. To address the highly probable requirement, management have developed a model to forecast hedged energy volumes. The updated forecast hedged volumes have been incorporated in the Load Following Swap contract valuations.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfer between levels 1 and 2 for recurring fair value measurements during the half year. For transfers in and out of level 2 and level 3 measurements see (ii) below.

Fair value hierarchy levels	Definition	Valuation technique
Level 1	Fair value of financial instruments traded in active markets and based on quoted market prices.	Level 1 financial instruments are nil at the end of the current reporting period.
Level 2	Fair value of financial instruments that are not traded in an active market.	Level 2 inputs are used to value the Currency Hedges and Interest Rate Collar. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data. If all significant inputs required to fair value an instrument are observable, either directly (as prices) or indirectly (derived from prices) the instrument is included in Level 2.
Level 3	If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for load following electricity contracts and gas hedges.	Price and notional volumes for electricity hedges are not observable and are therefore level 3 inputs that the Group uses to value the electricity derivatives. These are derived as follows: • Price is derived from an average of forward electricity derivative prices, which are obtained independently from the ASX Energy Futures website on relevant dates leading up to balance date. These are then adjusted for factors specifically contained within the hedges. • Notional volumes are derived from internal modelling based on historical performance which eventually form part of Board approved budgets and forecasts. The unobservable inputs used to calculate the fair value of financial instruments for electricity range from forecast customer demand of 801GWh to 979 GWh (911GWh to 1,114GWh at 30 June 2019) and are based on internal models and historical usage. A sensitivity analysis is provided in (iii) below) The price of gas hedges and the volumes for one of the company's gas hedges are not observable and are therefore level 3 inputs that the Group uses to value the gas derivatives. The price is derived considering a combination of factors including a) observable forward or quoted prices either via the ASX, OTC or Bilateral markets, b) a "netback to power" calculation to arrive at the marginal cost of gas used by a gas fired generator and c) a "LNG netback" price. The contractual volumes for the gas hedges are 2,168,367 GJ (3,106,399 GJ at 30 June 2019).

(ii) Fair value measurements

The following table presents the changes in cash flow hedge reserve for level 2 and level 3 items for the period ended 31 December 2019.

	Level 2 Currency Hedges	Level 3 Energy hedge contracts
Opening balance at 1 July 2018	**66**	**(5,539)**
Settled contracts recycled through profit and loss	(94)	7,715
Fair value recognised in other comprehensive income	(25)	1,755
Tax effect	36	(2,841)
Closing balance at 30 June 2019	**(17)**	**1,090**
Opening balance at 1 July 2019	**(17)**	**1,090**
Settled contracts recycled through profit and loss	25	370
Fair value recognised in other comprehensive income	133	(3,107)
Tax effect	(48)	821
Closing balance at 31 December 2019	**93**	**(826)**

(iii) Sensitivity analysis in respect of Level 3 derivatives

The fair values of forward electricity contracts and options that are determined using unobservable inputs are calculated using a combination of an average of publicly quoted forward prices and estimated volumes based on forecasted customer demand. An increase of 10% or decrease of 10% in forecasted customer demand would increase/(decrease) the fair value by $227k, and an increase of 10% or decrease of 10% in the forward price per megawatt hour of electricity would increase/(decrease) the fair value by $8,914k.

The values of gas derivative contracts that are determined using unobservable inputs are calculated by using a forward market price, that is based on combination of available information and calculations. An increase in 10% or decrease of 10% in the market price per Gigajoules of gas would increase/(decrease) the fair value by $1,008k/($3,444k). One of the gas derivative contracts is a load following swap contract. In addition to the market price, notional volumes is an unobservable input and is determined based on internal modelling of forecast usage. An increase in notional Gigajoules of 10% would decrease the fair value by $440k. A decrease in notional Gigajoules of 10% would increase the fair value by $130k.

(iv) Valuation processes

The finance team of amaysim Energy and Treasurer perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO and Treasurer, at least once every six months, in line with the group's half-yearly reporting periods.

Changes in level 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO and Treasurer.

11. Intangibles

	Goodwill	Trademarks	Software development	Customer contracts and Distributor relationships	Costs to obtain contracts	Total
Consolidated entity	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2019						
Cost	139,505	8,905	44,316	56,366	20,639	269,731
Impairment	(422)	-	(8,925)	(15,732)	-	(25,079)
Accumulated amortisation	-	(5,326)	(25,026)	(24,389)	(9,903)	(64,644)
Net book amount at 1 July 2019	**139,083**	**3,579**	**10,365**	**16,245**	**10,736**	**180,008**
Half-year ended 31 December 2019						
Opening net book amount	139,083	3,579	10,365	16,245	10,736	180,008
Acquisition of subsidiary (i)	4,805	-	-	3,042	-	7,847
Additions	-	-	3,156	-	4,436	7,592
Amortisation charge	-	(724)	(2,849)	(4,374)	(5,808)	(13,755)
Closing net book amount	**143,888**	**2,855**	**10,672**	**14,913**	**9,364**	**181,692**
At 31 December 2019						
Cost	144,310	8,905	47,472	59,408	25,075	285,170
Impairment	(422)	-	(8,925)	(15,732)	-	(25,079)
Accumulated amortisation	-	(6,050)	(27,875)	(28,763)	(15,711)	(78,399)
Net book amount	**143,888**	**2,855**	**10,672**	**14,913**	**9,364**	**181,692**
At 1 July 2018						
Cost	139,505	8,905	38,785	56,366	-	243,561
Impairment	(422)	-	(3,026)	-	-	(3,448)
Accumulation amortisation	-	(3,883)	(17,984)	(14,941)	-	(36,808)
Net book amount	**139,083**	**5,022**	**17,775**	**41,425**	**-**	**203,305**
Adoption of new accounting standards	-	-	-	-	8,735	8,735
Restated opening net book amount at 1 Jul 2018	**139,083**	**5,022**	**17,775**	**41,425**	**8,735**	**212,040**
Opening net book amount	139,083	5,022	17,775	41,425	-	203,305
Additions	-	-	5,531	-	11,904	17,435
Impairment charge	-	-	(5,899)	(15,732)	-	(21,631)
Amortisation charge	-	(1,443)	(7,042)	(9,448)	(9,903)	(27,836)
Closing net book amount	139,083	3,579	10,365	16,245	2,001	171,273
At 30 June 2019					-	
Cost	139,505	8,905	44,316	56,366	20,639	269,731
Impairment	(422)	-	(8,925)	(15,732)	-	(25,079)
Accumulated amortisation	-	(5,326)	(25,026)	(24,389)	(9,903)	(64,644)
Net book amount	**139,083**	**3,579**	**10,365**	**16,245**	**10,736**	**180,008**

(i) The additions to customer contracts and distributor relationships relate to the acquired intangibles on the acquisition of Jeenee Pty Communications Ltd. The additions to goodwill are also attributable to the acquisition of Jeenee.

12. Equity

a) Contributed equity

(i) Movement in ordinary shares

	31 December 2019		30 June 2019	
	Shares	$'000	Shares	$'000
Opening balance	**295,110,421**	**167,163**	**210,792,810**	**118,290**
Issue of shares as result of the Entitlement Offer	-	-	84,317,611	50,590
Less:				
Transaction costs arising on issue of new shares	-	-	-	(2,453)
Deferred tax credit recognised directly in equity	-	-	-	736
Closing balance	**295,110,421**	**167,163**	**295,110,421**	**167,163**

b) Other Equity

During half year ended 31 December 2019, the amaysim share trust purchased 5,562,828 shares at an average price of $0.38 per share. The consideration paid and the associated transaction costs are deducted from equity.

(i) Movement in treasury shares during the half year ended 31 December 2019

	31 December 2019		30 June 2019	
	Shares	$'000	Shares	$'000
Opening balance	**-**	**-**	**-**	**-**
Acquisition of shares by amaysim Equity Plans Trust	5,562,828	(2,000)	-	-
Transaction costs	-	(12)	-	-
Closing balance	**5,562,828**	**(2,012)**	**-**	**-**

13. Adoption of AASB16 Leases

AASB16 "Leases" was issued in February 2016 to replace AASB117 "Leases" and is effective for accounting periods beginning on or after 1 January 2019. The new standard requires a majority of operating leases to be accounted for on the balance sheet as the distinction between an operating and finance lease is removed. The change in accounting for lessees has the following impacts:

- lease expenses are recognised as depreciation of the right to use asset and interest on lease liability. Previously, operating lease rentals were expensed on a straight-line basis over the lease term within operating expenses in the consolidated statement of comprehensive income;
- the repayment of the principal portion of lease payments are reported as financing activities in the consolidated cash flow statement. The interest portion is reported as operating activities in the consolidated cash flow statement. In the previous financial year, operating lease rental payments were reported as operating activities in the consolidated cash flow statement;
- the most significant judgements in applying AASB16 relate to the identification of leases and the determination of the lease term; and
- lessor accounting in accordance with AASB16 is substantially unchanged from the requirements under AASB117. Lessors continue to classify leases under the same classification principles and distinguish between operating and finance leases. The Group now recognises a net investment in sublease. Refer to (a)(iii) for further information.

As at 1 July 2019, the Group has transitioned to AASB16 using the modified retrospective approach with the cumulative effect of initially applying AASB16 recognised as an adjustment to the opening balance of retained earnings and comparatives have not been restated. As a lessee, the Group has 4 property leases (Sydney, Melbourne and two sites in the Philippines) which were previously classified as operating leases and are now recognised on the consolidated balance sheet.

Practical expedients applied

In applying AASB16 for the first time, the Group has used the following practical expedients permitted by the standard:

- expensed in the profit and loss lease payments related to short-term leases (12 months or less) and leases of low-value asset;
- expensed in profit and loss lease payments related to lease arrangements with a remaining lease term of less than 12 months as at 1 July 2019;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

a) Accounting policies and significant judgements and estimates

(i) Measurement of lease liabilities

On adoption of AASB16, the Group recognised lease liabilities in relation to leases which have previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, change in the lease term or a change in substance of fixed lease payments.

(ii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses (if any) and adjusted for any remeasurement of lease liabilities. Post adoption, the cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over its estimated useful life.

(iii) Lessor accounting

Under AASB16 an intermediate lessor shall classify a sublease contract as either a finance lease or an operating lease.

The Group is an intermediate lessor for one of the property sites in Manila, Philippines. As the sublease includes the entire premises and covers the remaining term of the head lease the sublease meets the criteria of a finance lease.

The Group has derecognised the right-of-use asset relating to the head lease, recognised a net investment in the sublease and the lease liability relating to the head lease is retained in the balance sheet which represents the lease payments owed to the head lessor.

Significant Judgements

The most significant judgements in applying AASB16 relate to the identification of leases and the determination of the lease term.

Identification of a Lease

The Group assesses whether:

- the contracts involve the use of an identified asset which may be explicitly stated or implied in the contract. The capacity portions of larger assets would be considered to be an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. An asset would not be considered to be a an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use.
- the customer in the contract has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- the customer in the contract has the right to direct the use of the asset throughout the period of use which is satisfied if either of the following apply:
  - the customer has the right to direct how and for what purpose the identified asset is used throughout the period; or

- the decisions about how and for what purpose the asset is used are predetermined and the customer has the right to operate the asset or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group reassessed whether a contract is or contains a lease at the date of initial application.

Determination of the lease term

In determining the lease term, management have considered all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease liabilities below include only lease payments to be made within the current contractual terms.

b) Impacts on the financial statements of adoption of AASB16

(i) Lease Liabilities

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	$'000
Operating lease commitments disclosed as at 30 June 2019	13,087
Discounted using the lessee's incremental borrowing rate at the date of initial application	11,956
Lease Liability recognised as at 1 July 2019:	
Current lease liabilities	3,715
Non-current lease liabilities	8,241
Total Lease Liabilties	**11,956**

(ii) Adjustments recognised in the balance sheet on 1 July 2019

The change in accounting standard affected the following items in the Balance Sheet on 1 July 2019:

	$'000
Property Plant and Equipment (Right of Use Assets)	9,657
Net investment in sublease (current)	777
Net investment in sublease (non curent)	784
Total Assets	**11,218**
Lease liabilities (current)	3,715
Lease liabilities (non current)	8,241
Trade and other payables (straight line lease liabilities)	(926)
Deferred Tax Liability	50
Total Liabilities	**11,080**
The net impact on retained earnings on 1 July 2019	**138**

(iii) Maturity analysis of lease payments receivable

The table below shows the maturity analysis of the lease payments receivable. The undiscounted lease payments to be received on an annual basis for the remaining lease term.

Maturity analysis of lease payments receivable	1 year or less	Between 1 and 2 years	Total
	$'000	$'000	$'000
Undiscounted lease payments receivable	869	376	1,245
Unearned finance income	(42)	(5)	(47)
Net investment in finance lease	827	371	1,198

(iv) Impact of the financial statements on adoption of AASB16 as at 31 December 2019

For the half year ended	Ref	31 December 2019 (before AASB16)	Impact of AASB16	31 December 2019 (as presented)
		$'000	$'000	$'000
Revenue and other income				
Other revenue	(a)	2,009	(421)	1,588
Interest income	(b)	194	36	230
Total revenue and other income		**244,974**	**(385)**	**244,589**
Expenses				
IT and facilities expenses	(c)	(7,667)	2,121	(5,546)
Depreciation, amortisation and impairment	(d)	(15,001)	(1,546)	(16,547)
Finance expenses	(e)	(1,760)	(287)	(2,047)
Total expenses		**(239,787)**	**288**	**(239,499)**
(Loss) / Profit before income tax from continuing operations		5,187	(97)	5,090
Income tax benefit/(expense)	(f)	(1,394)	29	(1,365)
(Loss) / Profit for the period from continuing operations		**3,793**	**(68)**	**3,725**

(a) As a result of AASB16, sub-lease proceeds are no longer recognised as revenue which is consistent with the head lease rental expenses no longer booked as operating expenses.
(b) Under AASB16 net investment in the sublease are measured as the present value of future sublease proceeds. Every reporting period, the unwinding of the discount rate is recognised as interest income.
(c) Under AASB16 rent payments are no longer recognised as facilities expenses. Instead, monthly lease payments are booked as a reduction of the lease liability on the balance sheet.
(d) Under AASB16 right-of-use assets are depreciated on a straight-line basis over the term of their respective lease agreement.
(e) Under AASB16 lease liabilities are measured as the present value of future lease payments. Every reporting period, the unwinding of the discount rate is recognised as finance expenses.
(f) Tax impacts of the above adjustments.

As at	Ref	31 December 2019 (before AASB16)	Impact of AASB16	31 December 2019 (as presented)
		$'000	$'000	$'000
CURRENT ASSETS				
Net investment in sublease	(a)	-	827	827
Total current assets		**90,785**	**827**	**91,612**
NON-CURRENT ASSETS				
Property, plant and equipment	(b)	5,131	8,194	13,325
Net investment in sublease	(c)	-	371	371
Total non-current assets		**188,520**	**8,565**	**197,085**
TOTAL ASSETS		**279,305**	**9,392**	**288,697**
CURRENT LIABILITIES				
Trade and other payables	(d)	80,485	(935)	79,550
Lease liabilities	(e)	-	3,728	3,728
Total current liabilities		**101,324**	**2,793**	**104,117**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(f)	(27)	27	-
Lease liabilities	(g)	-	6,502	6,502
Total non-current liabilities		**69,239**	**6,529**	**75,768**
TOTAL LIABILITIES		**170,563**	**9,322**	**179,885**
NET ASSETS		**108,742**	**70**	**108,812**
EQUITY				
Retained profits	(h)	14,489	70	14,559
TOTAL EQUITY		**108,742**	**70**	**108,812**

(a) Relates to the recognition of the Net Investment in Sub Lease due within 12 months.
(b) Relates to the recognition of the Right of Use Asset.
(c) Relates to the recognition of the Net Investment in Sub Lease greater than 12 months.
(d) Relates to the derecogntion of straight line lease liability previously recognised pursuant to AASB117 Leases.
(e) Relates to the recognition of lease liabilities due within 12 months.
(f) Relates to the deferred tax liabilities recognised on adoption of AASB16. At a Group level the deferred tax is in a net asset position and therefore the closing deferred tax balance at 31 December 2019 as per the above is nil.
(g) Relates to the recognition of lease liabilities greater than 12 months.
(h) Net impact on retained earnings for 1HY20.

14. Share based payments

The Group has two types of share-based payment arrangement:

- Long Term Incentive Plans - Legacy Plans
- Long Term Incentive - Employee Share Rights (ESR)

An overview of the expense and a summary of the existing share-based payments arrangements is provided below.

For the half-year ended	31 December 2019 $'000	31 December 2018 $'000
Long Term Incentive - Legacy Plans	-	(15)
Long Term Incentive - Employee Share Rights Plans (ESR)	2,026	256
Total share based payments expense	**2,026**	**241**

Long Term Incentive – Legacy Plans

In previous financial years, the Company had granted LTI awards to Executive key management personnel. The legacy plans consisted of Options Plans and Employee Share Rights. The vesting conditions were based on achieving EPS performance hurdles and continuous service conditions. There is no expectation that the relevant hurdles or metrics will be achieved. In other words, these legacy plans will simply run their natural course and in practice we expect that no awards will actually vest. This is primarily as a result of a change in the Company's strategic direction to focus on growth (including re-investment of profits to fuel growth, rather than yield over the next 3 years). Additional information in relation to these legacy plans are disclosed in the remuneration report and Note 30 of the 2019 Annual Report.

Long Term Incentive - Employee Share Rights (ESR)

In FY19 and FY20, the Group issued new LTI plans to Executives and other key personnel in the form of performance rights. The hurdles for these share rights are based on Underlying EBITDA and service conditions. These share rights have been treated as equity-settled with a corresponding adjustment to the equity compensation reserve in equity. The Group has the ability to settle the awards in shares or cash however, there is no precedent of cash settlement, nor current intention to settle these awards in cash although they can either be settled in shares or cash at the discretion of the Board.

During the period, 13,361,594 new share rights were issued to KMPs and key employees. In addition, 45,298 share rights of the share rights granted in FY2019 were forfeited by employees on resignation. At 31 December 2019, there are 23,962,972 share rights outstanding under these plans.

15. Business Combinations

a) Summary of acquisition

On 30 November 2019, the Company acquired 100% of the issued share capital of Jeenee Communications Pty Ltd, a privately-owned mobile virtual network provider (MVNO). The acquisition forms part of amaysim's strategic pillar to grow its position in the mobile market both organically and through complementary bolt-on acquisitions. The acquisition accounting is provisional as at 31 December 2019, pending finalisation of the purchase consideration and fair value of net assets acquired.

(i) Purchase consideration

The cost of acquisition net of cash acquired was $7.8m. For accounting purposes, the purchase consideration, on a provisional basis, is calculated as follows:

	$'000
Cash consideration to sellers	6,080
Cash in escrow	1,720
Total provisional purchase consideration	**7,800**
Less cash balances acquired	(30)
Net outflow of cash - investing activities	**7,770**

(ii) Assets acquired/liabilities assumed

The provisional value of assets and liabilities recognised as a result of the acquisition are as follows:

Assets/Liabilities Acquired	Notes	$'000
Cash		30
Trade and other receivable	(iii)	254
Other current assets		300
Property, plant & equipment		10
Customer relationships		3,042
Deferred tax asset (net)		1,317
Trade and other payables		(1,654)
Deferred revenue		(67)
Provisions - current		(158)
Provisions - non - current		(79)
Net identifiable assets acquired		**2,995**
Add: Provisional goodwill	(iv)	4,805
Total provisional purchase consideration		**7,800**

(iii) Acquired receivables

The fair value of the acquired trade receivables is $254k. The gross contractual amount for trade receivable due is $441k, of which a loss allowance of $187K was recognised on acquisition.

(iv) Provisional goodwill

Goodwill from the acquisition represents the value of the assets that are not separately identifiable or separable from other assets recognised under the provisional acquisition accounting. The Company expects the acquisition to realise operating synergies which will drive additional cost benefits and earnings growth. The Goodwill is not deductible for tax purposes.

(v) Revenue and profit contribution

Jeenee's post acquisition contribution to the Group (for the month of December) was $812k revenue and $126k of profit which is included in the consolidated statement of comprehensive income for the reporting period. At the acquisition date, Jeenee's

customers were migrated to the Group's wholesale network supply agreement. As a result, Jeenee's post-acquisition wholesale network costs differ significantly from its pre-acquisition wholesale network costs and therefore Jeenee's performance from 1 July to 30 November 2019 does not reflect the expected post-acquisition performance.

Consequently, it is impracticable to disclose the impact on the Group if the acquisition had occurred on 1 July 2019 because the retrospective application requires significant estimates and assumptions about what management's intent would have been in regard to Jeenee's wholesale network costs.

(vi) Acquisition related costs

Acquisition related costs of $695k were expensed and included within integration and acquisition expenses in the statement of comprehensive income that relate to legal, consulting, strategic advice and advisors success fees.

16. Events occurring after the reporting period

In the interval between the end of the half year ended and the date of this report, there has been no item, transaction or event likely to affect significantly the operations of the Group in this half year or future financial years.

Directors' Declaration

for the half-year ended 31 December 2019

In the opinion of the directors of the Company:

(a) the interim financial statements and notes set out on pages 14 to 39 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

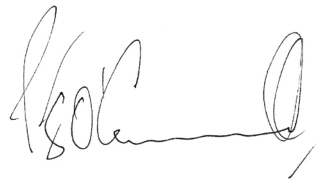
(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of directors.

Andrew Reitzer

Chairman and Independent Non-Executive Director



Peter O'Connell

Chief Executive Officer and Managing Director

24 February 2020

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Independent Auditor's Review Report to the Members of amaysim Australia Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of amaysim Australia Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Ernst & Young

John Robinson
Partner
Sydney
24 February 2020

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ABN 65 143 613 478