iWebGate Limited

(to be renamed NetLinkz Limited)

ABN 55 141 509 426

Annual Financial Statements

30 June 2016

iWebGate Limited
Corporate directory
30 June 2016

Directors	Mr James Tsiolis	– CEO, Executive Chairman
	Mr Tim Gooch	– Executive Director
	Mr Robert Turner	– Non Executive Director
	Mr Trevor Cain	– Non Executive Director
Company secretary	Greg MacMillan	
Registered office	AMP Building Level 31 50 Bridge Street Sydney NSW 2000	
Principal place of business	AMP Building Level 31 50 Bridge Street Sydney NSW 2000	
Share register	Computershare Investor Services Pty Ltd Level 11 172 St Georges Terrace Perth WA 6000 Australia	
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Australia	
Solicitors	Minter Ellison Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Australia	
Bankers	Westpac Banking Corporation 7 & 9A Queen St Fremantle WA 6160	
Stock exchange listing	iWebGate Limited (to be renamed NetLinkz Limited) shares are listed on the Australian Securities Exchange ASX code: IWG (ASX code: NET after name change)	
Website	www.netlinkz.com	

iWebGate Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of iWebGate Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors
The following persons were directors of iWebGate Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

James Tsiolis	(appointed 11 November 2015)
Timothy Gooch	
Robert Turner	(appointed 1 August 2016)
Trevor Cain	(appointed 7 September 2016)
Kathryn Foster	(appointed 11 November 2015, resigned 29 September 2016)
Kevin Greene	(appointed 3 December 2015, resigned 29 September 2016)
Mark Harrell	(resigned 3 December 2015)
Adam Sierakowski	(resigned 12 February 2016)

Principal activities
On 16 September 2016 the Company announced it will be seeking shareholder approval for a change of name of the Company to NetLinkz Limited. The proposed new name will better reflect the nature of the Company's operations. Subject to shareholder approval of the change of Company name, the ASX listing code will change from IWG to NET. The shareholder meeting will be held on Tuesday 11 October 2016 in the AMP Building, located at level 31, 50 Bridge Street, Sydney at 9:00am (AEDT).

About NetLinkz Limited
NetLinkz patented technology provides a flexible, efficient, secure and cost effective Software-Defined Wide Area Network (SD-WAN) solution connecting any sites to any device, anywhere, on any network with ease. Our patented technology delivers the only fully meshed peer-to-peer SD-WAN solution, making our solutions fast, efficient and reliable in addition to proven industry-leading security and the unique ability to leverage existing infrastructure to evolve to SD-WAN.

SD-WAN Solutions
With the increase in cloud consumption and mobility SD-WAN offers the ideal solution for IT managers to extend or replace connectivity leveraging public IP links. Offering centralized WAN management and near-zero touch edge software enables IT managers to quickly and securely connect cloud servers and mobile users to the enterprise network.

Likely developments and expected results of operations
As part of the Company's transformation and technology commercialisation strategy, iWebGate is undertaking significant changes to its board and senior management. Executive Chairman, James Tsiolis has stepped into the role of CEO on an interim basis, until a permanent CEO is appointed. Accordingly, CEO and co-founder Tim Gooch has moved into a new role as Director of Innovation and Business Development, to oversee the commercial development with strategic partners. Robert Hayden has joined the management team as the company COO looking after all Sales and Operation activities. These changes are effective immediately.

The incoming management of iWebGate have initiated a complete review of the current business and report that substantial cost savings have been identified and implemented. Management will continue to look to take cost out of the business where possible, enabling the Company to focus on customer growth and accelerating near term revenue generation.

Overview of Results
The net loss for the consolidated entity amounted to $9,919,960 (30 June 2015 $7,421,847).

The loss included one off financing costs of $3,076,492 comprising $985,290 legal and other costs, $1,049,046 other non-cash debt facility borrowing cost, and $916,512 debt facility option valuation costs (see Note 5 and 16), and $125,644 interest costs.

The loss included: (a) sales, marketing, and travel costs of $2,692,350 comprising corporate $233,549, Australia market $1,231,399, Europe market $612,970, US market $614,432; (b) administration, office, and corporate costs of $1,522,181 comprising corporate $865,679, Australia market $328,928, US market $327,573; and (c) development and commercialization costs of $3,573,793 comprising Australian costs $2,156,100 and US costs $1,417,693.

Dividends
No dividends have been declared for the year ended 30 June 2016 or for the previous corresponding period.

Significant changes in the state of affairs
During the year ended 30 June 2016 the Company entered into a number of debt facilities (refer to Note 14). There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 3 August 2016 pursuant to a placement the company issued 124,444,431 shares at $0.045 per share. Pursuant to the placement the Company will seek shareholder approval to issue a further 53,333,334 shares at $0.045 per share.

On 12 August 2016 the Company has paid US$200,000 (A$274,275) in part repayment of the June 2016 debt facility.

On 22 August 2016 the Company entered into a settlement deed in relation to the March 2016 debt facility pursuant to which the parties agreed that following the Company making cash payments in the amount of US$1,889,759 (A$2,597,220) representing the amount owing to by the Company under the March 2016 debt facility plus a premium to be paid by the Company for early discharge. The Company has paid US$1,417,319 (A$1,912,712) on 22 August 2016 and is to make the balance payment of US$472,440 by no later than 15 October 2016.

Other than the above there have been no other material events subsequent to the year ended 30 June 2016.

General information
The financial statements cover iWebGate Limited as a consolidated entity consisting of iWebGate Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is iWebGate Limited's functional and presentation currency.

iWebGate Limited (ASX:IWG) is a listed public company limited by shares, incorporated and domiciled in Australia.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	James Tsiolis
Title:	CEO, Executive Chairman
Appointed:	11 November 2015
Qualifications:	Bc Econ, Grad Cert Quantitative Finance
Experience and expertise:	Mr Tsiolis has over 25 years of experience in funds management and capital markets. He is a founder and current CEO of Strategic Capital Management Limited (SCM), an investment management and advisory firm. Mr Tsiolis was the investment adviser to several large superannuation funds, including Military Superannuation $3.9 billion, as well as the funds manager of SCM's retail products ($1 billion). Mr Tsiolis has been a member of several investment and corporate advisory committees including Macquarie Global Infrastructure Funds, Rosemont Partners, Direct Investment Fund, Deutsche Private Equity, Military Superannuation, Citic China Mezzanine Investment Fund and Energy Investors Group. Mr Tsiolis has overseen a number of investments from start up to IPO in the technology sector. Prior to SCM, Mr Tsiolis served as the Head of Research at ipac Securities. He was also a Senior Investment Analyst of ASSIRT Investment & Technology and a quantitative analyst of James Capel Australia Ltd. Mr Tsiolis is a Governor of the Archaeological Institute in Athens and former deputy chairman of North Asian Strategic Holdings Limited
Other current directorships:	None
Former directorships (last 3 years):	North Asia Strategic Holdings Ltd

Name:	Tim Gooch
Title:	Executive Director
Appointed:	10 December 2014
Qualifications:	BSc
Experience and expertise:	Before founding iWebGate in 2004, Mr Gooch had 10 years' experience as an entrepreneur with expertise in designing software and owned and operated healthcare and software development companies. As a founding partner of iWebGate his experience and responsibilities included strategic and innovative design concepts, overseeing research and development projects, business plan, marketing and sales strategy, overseeing corporate policies and commercial transactions, investor relations, and strategic partner alliances.
Other current directorships:	None
Former directorships (last 3 years):	None

Name:	Robert Turner
Title:	Non-Executive Director
Appointed:	1 August 2016
Qualifications:	B.S. degree and an MBA from Bradley University,
Experience and expertise:	Mr Turner brings to iWebGate over 35 years of expertise analyzing leading edge technology companies as co-founder, Chairman and CIO of Turner Investments, a global investment manager focused on investing in growth equities. The firm's ability to identify the best opportunities in growth stocks is demonstrated through the Concentrated Global Growth Equity portfolio that delivered a 13.75% return compared to the MSCI World Growth Index of 0.65% in 2015. Prior to founding the Partnership, Mr Turner held positions with Andersen Consulting and Meridian Investment Company. Mr Turner also serves as the Executive Chairman of private company Mozido, Inc., a company focused on the mobile payments sector. Mr Turner was the Chairman of the Board of Trustees of Bradley University and founded the Turner School of Entrepreneurship and Innovation. He holds a Chartered Financial Analyst designation, is a trustee of the Turner Funds, serves as a member of the board of the Notre Dame School of Architecture, is a board member for the Delaware Valley Friends School.
Other current directorships:	None
Former directorships (last 3 years):	None

Name:	Trevor Cain
Title:	Non-Executive Director
Appointed:	7 September 2016
Qualifications:	B.Ec degree with post graduate qualifications in finance, a CPA, a Fellow of FINSIA and a Master Stockbroker
Experience and expertise:	Mr Cain has extensive and wide ranging experience across Australia's capital markets and financial services industry and in particular working with high growth companies to achieve their commercialisation goals. Through various roles throughout his 30 year career he has held the positions of Managing Director, CFO, Head of Compliance & Risk and Head of Research. As a Principal and Director of Southern Cross Equities (which was sold to Bell Securities) Mr Cain assisted technology and related companies grow their businesses. Mr Cain was an officer at ASIC and assisted in ASIC's regulatory role in underwriting practices and property trusts.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil

Name:	Kathryn Foster
Title:	Non-Executive Director
Appointed:	11 November 2015
Resigned:	29 September 2016
Qualifications:	Not applicable as no longer a director
Experience and expertise:	Not applicable as no longer a director
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director

Name:	Kevin Greene
Title:	Non-Executive Director
Appointed:	3 December 2015
Resigned:	29 September 2016
Qualifications:	Not applicable as no longer a director
Experience and expertise:	Not applicable as no longer a director
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director

Name:	Mark Harrell
Title:	Managing Director (Asia Pacific)
Appointed:	10 December 2014
Resigned:	3 December 2015
Qualifications:	Not applicable as no longer a director
Experience and expertise:	Not applicable as no longer a director
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director

Name:	Adam Sierakowski
Title:	Non-Executive Chairman
Appointed:	23 July 2012
Resigned:	12 February 2016
Qualifications:	Not applicable as no longer a director
Experience and expertise:	Not applicable as no longer a director
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Mr MacMillan has wide ranging corporate, financial, capital markets and commercial experience over the last 30 years. Mr MacMillan has held the positions of director, company secretary, chief financial officer, and corporate finance executive in numerous companies across the finance, mining and commercial sectors. Mr MacMillan holds a Bachelor of Business degree, is a CPA and a Chartered Company Secretary.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
James Tsiolis	8	8
Timothy Gooch	9	10
Robert Turner	na	na
Trevor Cain	na	na
Kathryn Foster	7	8
Kevin Greene	5	7
Mark Harrell	2	3
Adam Sierakowski	3	3

Held: represents the number of meetings held during the time the director held office. The Board of Directors also approved eight (8) circular resolutions during the year ended 30 June 2016 which were signed by all Directors of the Company.

The Audit and Risk Committee did not hold any meetings during the financial year.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The Directors' may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Fees for non-executive directors are not linked to the performance of the Company. Non-executive directors may receive share options or other incentives which would be subject to shareholder approval. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and may be granted options in the future.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility. Remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations. Executives may receive their remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

No remuneration consultants were engaged during the year.

Voting and comments made at the company's 2015 Annual General Meeting ('AGM')
At the 2015 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

iWebGate Limited
Directors' report
30 June 2016

The key management personnel of the consolidated entity consisted of the following directors of iWebGate Limited:

- James Tsiolis (appointed 11 November 2015)
- Timothy Gooch
- Kathryn Foster (appointed 11 November 2015, resigned 29 September 2016)
- Kevin Greene (appointed 3 December 2015, resigned 29 September 2016)
- Robert Turner (appointed 1 August 2016)
- Trevor Cain (appointed 7 September 2016)
- Mark Harrell (resigned 3 December 2015)
- Adam Sierakowski (resigned 12 February 2016)

There are no long term benefits (e.g. long service leave) or share based payments (equity settled). Options may be issued as compensation and are subject to shareholder approval. All remuneration is fixed and there is no component linked to performance.

2016	Cash salary and fees $	Short-term Cash bonus $	Non-monetary $	Post-employment Super-annuation $	Long-term benefits Annual Leave $	Total $
Non-Executive Directors:						
James Tsiolis [1]	22,000	-	-	-	-	22,000
Kathryn Foster [2]	51,114	-	-	-	-	51,114
Kevin Greene [3]	58,331	-	-	-	-	58,331
Robert Turner [4]	-	-	-	-	-	-
Trevor Cain [4]	-	-	-	-	-	-
Adam Sierakowski [5]	57,086	-	-	-	-	57,086
Executive Directors:						
James Tsiolis [6]	220,000	-	-	-	-	220,000
Timothy Gooch [7]	436,207	-	-	-	54,410	490,617
Mark Harrell [8]	196,581	-	-	18,219	25,197	239,997
	1,041,319	-	-	18,219	79,607	1,139,145

1 Represents remuneration from 11 November 2015 to 31 December 2015
2 Represents remuneration from 11 November 2015 to 30 June 2016
3 Represents remuneration from 3 December 2015 to 30 June 2016
4 Not applicable as appointed after 30 June 2016
5 Represents remuneration from 1 July 2015 to 12 February 2016
6 Represents remuneration from 1 January 2016 to 30 June 2016
7 Represents remuneration from 1 July 2015 to 30 June 2016
8 Represents remuneration from 1 July 2015 to 30 June 2016 (resigned as a director 3 December 2015)

2015	Cash salary and fees $	Short-term Cash bonus $	Non-monetary $	Post-employment Super-annuation $	Long-term benefits Annual Leave $	Total $
Non-Executive Directors:						
Adam Sierakowski (Chairman) [1]	66,500	-	-	-	-	66,500
KC Ong [2]	15,900	-	-	-	-	15,900
Richard Wolanski [2]	15,000	-	-	-	-	15,000
Executive Directors:						
Timothy Gooch [1, 3]	399,820	-	-	5,700	34,164	439,684
Mark Harrell [1]	160,867	-	-	15,072	16,677	192,616
	658,087	-	-	20,772	50,841	729,700

1 Represents remuneration from 1 July 2014 to 30 June 2015
2 Represents remuneration from 1 July 2014 to 10 December 2014
3 Includes allowances and applicable tax in connection with Mr Gooch's relocation to the United States

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	James Tsiolis
Title:	Chief Executive Officer, Executive Chairman
Agreement commenced:	1 August 2016
Term of agreement:	Open
Details:	As executive Director, Mr James Tsiolis is paid $300,000 per annum plus statutory superannuation.

Name:	Tim Gooch
Title:	Director Innovation and Business Development, Executive Director
Agreement commenced:	5 December 2014
Term of agreement:	5 years
Details:	As executive Director, Mr Timothy Gooch is paid US$250,000 per annum inclusive of statutory superannuation and allowances of up to US$90,000.

Name:	Mark Harrell
Title:	Managing Director (Asia Pacific)
Agreement commenced:	5 December 2014
Term of agreement:	3 years
Details:	As executive Director, Mr Mark Harrell is paid $210,000 per annum inclusive of statutory superannuation and allowances of up to $6,800.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Non-Executive Directors

Remuneration of Non-Executive Directors are included under an engagement agreement.

Name:	James Tsiolis
Details:	As a Non-Executive Director, Mr James Tsiolis was paid directors fees of $60,000 per annum.

Name:	Kathryn Foster
Details:	As a Non-Executive Director, Ms Kathryn Foster was paid directors fees of $80,000 per annum.

Name:	Kevin Greene
Details:	As a non executive Director, Mr Kevin Greene was paid $100,000 directors fees per annum.

Name:	Adam Sierakowski
Details:	As a non executive Director, Mr Adam Sierakowski was paid $84,000 directors fees per annum.

Name:	Robert Turner
Details:	As a non executive Director, Mr Robert Turner will be paid $90,000 directors fees per annum.

Name:	Trevor Cain
Details:	As a non executive Director, Mr Trevor Cain will be paid $90,000 directors fees per annum.

Share-based compensation

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options
There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Mr Tsiolis is to be granted unlisted Options to subscribe for: 20.0 million ordinary fully paid shares at an exercise price of 4.5 cents per share (for services rendered to date of commencement); 2.5 million ordinary fully paid shares at an exercise price of 6.0 cents per share at the first anniversary; 2.5 million ordinary fully paid shares at an exercise price of 12.0 cents per share at the second anniversary, and 5.0 million ordinary fully paid shares at an exercise price of 30.0 cents per share at the third anniversary, the issue of Options to Directors is subject to shareholder approval.

Mr Turner is to be granted unlisted Options to subscribe for 7.5 million ordinary fully paid shares at an exercise price of 4.5 cents per share that will vest over the next three years in equal annual instalments, the issue of Options to Directors is subject to shareholder approval.

Mr Cain is to be granted unlisted Options to subscribe for 7.5 million ordinary fully paid shares at an exercise price of 4.5 cents per share that will vest over the next three years in equal annual instalments, the issue of Options to Directors is subject to shareholder approval.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and key management personnel of the consolidated entity, including their personal and related parties holdings, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
James Tsiolis *	-	-	2,500,000	-	2,500,000
Timothy Gooch	84,138,951	-	-	-	84,138,951
Kathryn Foster *	-	-	-	-	
Kevin Greene *	-	-	-	-	
Robert Turner **	-	-	-	-	-
Trevor Cain **	-	-	-	-	-
Mark Harrell ***	25,087,992	-	-	(25,087,992)	-
Adam Sierakowski ***	12,625,000	-	-	(12,625,000)	-
	121,851,943	-	2,500,000	(37,712,992)	86,638,951

* Additions includes shares held at appointment date
** Not applicable as appointed after 30 June 2016
*** Disposals includes shares held at resignation date

Option holding
During the financial year the Company granted no options over unissued shares and issued nil ordinary fully paid shares on the exercise of options to directors or key management personnel. As at the date of this report, there are no unissued ordinary shares under option held by directors or key management personnel.

Other transactions with key management personnel and their related parties
A number of directors of the Company, or their director-related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with directors and their director related entities were no more favorable to the directors and their director related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year (excluding re-imbursement of expenses incurred on behalf of the Company) relating to directors and their director-related entities were as follows:

Corporate advisory fees, and capital raising:
For the year ending 30 June 2016 $546,698 of corporate advisory, and capital raising fees was paid to Strategic Capital Management Ltd (of which Mr James Tsiolis is a Director). As at the 30 June 2016 $168,200 is payable to Strategic Capital Management Ltd.

Director fees and remuneration:
For the year ending 30 June 2016 $22,000 of director fees was incurred from Strategic Capital Management Ltd (of which Mr James Tsiolis is a Director). As at the 30 June 2016 $nil is payable to Strategic Capital Management Ltd.

For the year ending 30 June 2016 $220,000 of remuneration was incurred from Alpha First Pty Ltd (of which Mr James Tsiolis is a Director). As at the 30 June 2016 $220,000 is payable to Alpha First Pty Ltd.

For the year ending 30 June 2016 $57,086 of director fees was incurred from Trident Capital Pty Ltd (of which Mr Adam Sierakowski is a Director). As at the 30 June 2016 $18,586 is payable to Trident Capital Pty Ltd.

Loan payable:
As at 30 June 2016 $63,076 is owed to Talks One Pty Ltd as trustee for the Gooch Family Trust (of which Tim Gooch is a director and beneficiary). For the year ending 30 June 2016 $4,505 interest has accrued on the loan.

As at 30 June 2016 $31,681 is owed to Mark Harrell as trustee for Harrell Family Trust (of which Mark Harrell is trustee and a beneficiary). For the year ending 30 June 2016 $2,185 interest has accrued on the loan.

Legal fees:
For the year ending 30 June 2016 $14,738 of legal fees was incurred from Price Sierakowski (of which Mr Adam Sierakowski is a Director). As at the 30 June 2016 $nil is payable to Price Sierakowski.

Company secretarial fees and accounting fees:
For the year ending 30 June 2016 $42,452 of company secretarial fees and accounting fees was incurred from Trident Management Services Pty Ltd (of which Mr Adam Sierakowski is a Directors). As at the 30 June 2016 $15,661 is payable to Trident Management Services Pty Ltd.

This concludes the remuneration report, which has been audited.

Shares issued and Shares under option
During the financial year the Company issued the following shares, and granted the following options over unissued shares, no ordinary fully paid shares were issued during the year on the exercise of options.

On 23 October 2015 pursuant to a placement the company issued 10,592,350 shares at $0.17 per share (raising $1,800,700) and 10,592,350 attaching unlisted options exercisable at $0.25 with an expiry date of 31 October 2017 for nil consideration.

On 4 November 2015 pursuant to a placement the company issued 1,176,471 shares at $0.17 per share (raising $200,000) and 1,176,471 attaching unlisted options exercisable at $0.25 with an expiry date of 31 October 2017 for nil consideration.

On 4 November 2015 pursuant to the October 2015 debt facility the company issued 2,139,036 unlisted options exercisable at $0.187 with an expiry date of 4 November 2020 for nil consideration.

On 8 March 2016 pursuant to the March 2016 debt facility the company issued 1,500,000 unlisted options exercisable at $0.1412 with an expiry date of 8 March 2019 for nil consideration.

On 16 March 2016 pursuant to the March 2016 debt facility the company issued 10,000,000 collateral shares for nil consideration and 8,500,000 unlisted options exercisable at $0.147 with an expiry date of 14 March 2019 for nil consideration. The collateral shares are to be purchased at a price being a 90% of three daily volume weighed average prices selected by the lender within the 20 trading days preceding the payment date on or before 15 March 2018, if the shares are not purchased then the shares are to be returned to the Company for cancellation.

On 22 April 2016 pursuant to the March 2016 debt facility the company issued 1,602,737 shares at $0.086 per share for a US$106,667 repayment of debt.

On 10 May 2016 pursuant to the March 2016 debt facility the company issued company issued 1,464,601 shares at $0.07 per share in settlement of US$75,000 equity drawdown.

On 20 May 2016 pursuant to the March 2016 debt facility the company issued 2,170,150 shares at $0.068 per share for a US$106,667 repayment of debt.

On 10 June 2016 pursuant to the March 2016 debt facility the company issued company issued 3,232,106 shares at $0.052 per share in settlement of US$125,000 equity drawdown.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

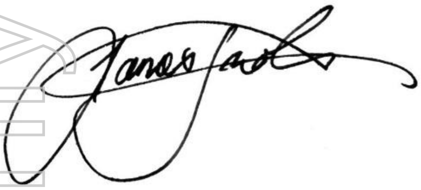
Officers of the company who are former partners of BDO Audit (WA) Pty Ltd
There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

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 the following page.

Auditor
BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



James Tsiolis
Director

30 September 2016

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF IWEBGATE LIMITED

As lead auditor of iWebGate Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of iWebGate Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2016

iWebGate Limited
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30 June 2016

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Description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2016. The directors have the power to amend and reissue the financial statements.

iWebGate Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	4	296,996	455,666
Other Income	4	814,754	497,517
Expenses			
Sales, Marketing, Travel		(2,692,350)	(1,078,647)
Admin, Office, Corporate		(1,522,181)	(709,831)
Development & Commercialisation		(3,573,793)	(3,991,632)
Finance costs	5	(3,076,492)	(125,874)
Employee benefits expense	5	(34,499)	(111,518)
Depreciation expense	5	(19,302)	(22,515)
Impairment of receivables	5	(113,093)	(331,253)
Listing expenses on acquisition of iWebGate		-	(2,003,760)
		(11,031,710)	(8,375,030)
(Loss) before income tax expense		(9,919,960)	(7,421,847)
Income tax expense	6	-	-
(Loss) after income tax expense for the year		(9,919,960)	(7,421,847)
Other comprehensive loss			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(80,788)	(76,647)
Other comprehensive loss for the year, net of tax		(80,788)	(76,647)
Total comprehensive loss for the year		(10,000,748)	(7,498,494)
(Loss) attributable to members of the parent entity		(9,919,960)	(7,421,847)
Total comprehensive loss attributable to members of the parent entity		(10,000,748)	(7,498,494)
		$	**$**
(Loss) per share from continuing operations			
Basic earnings/(loss) per share	24	(0.02)	(0.02)
Diluted earnings per/(loss) share	24	(0.02)	(0.02)

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

iWebGate Limited
Consolidated statement of financial position
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	7	377,045	1,741,857
Trade and other receivables	8	78,598	698,482
Total current assets		455,643	2,440,339
Non-current assets			
Property, plant and equipment	9	26,145	30,034
Total non-current assets		26,145	30,034
Total assets		481,788	2,470,373
Liabilities			
Current liabilities			
Trade and other payables	10	1,930,967	550,908
Employee benefits	11	176,904	111,518
Borrowings	12	2,833,544	-
Other	13	85,189	436,307
Total current liabilities		5,026,604	1,098,733
Non-current liabilities			
Borrowings	14	2,143,306	1,304,755
Total non-current liabilities		2,143,306	1,304,755
Total liabilities		7,169,910	2,403,488
Net assets (liabilities)		(6,688,122)	66,885
Equity			
Issued capital	15	15,682,329	13,353,100
Reserves	16	748,818	(86,906)
Accumulated losses	17	(23,119,269)	(13,199,309)
Total equity / (Deficiency in Equity)		(6,688,122)	66,885

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

iWebGate Limited
Consolidated statement of changes in equity
For the year ended 30 June 2016

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2014	2,782,407	(10,259)	(5,777,462)	(3,005,314)
Total comprehensive loss for the year	-	(76,647)	(7,421,847)	(7,498,494)
Transactions with owners in their capacity as owners:				
Share issue	7,045,500	-	-	7,045,500
Capital raising costs	(470,792)	-	-	(470,792)
Cost of listing (Facilitation shares)	200,000	-	-	200,000
Shares issued for acquisition of asset	3,795,985	-	-	3,795,985
Balance at 30 June 2015	13,353,100	(86,906)	(13,199,309)	66,885

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2015	13,353,100	(86,906)	(13,199,309)	66,885
Total comprehensive loss for the year	-	(80,788)	(9,919,960)	(10,000,748)
Transactions with owners in their capacity as owners:				
Share issue	2,556,697	-	-	2,556,697
Options issued	-	916,512	-	916,512
Capital raising costs	(227,468)	-	-	(227,468)
Balance at 30 June 2016	15,682,329	748,818	(23,119,269)	(6,688,122)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

iWebGate Limited
Consolidated statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers		246,323	779,910
Payments to suppliers and employees		(7,452,822)	(5,914,302)
		(7,206,499)	(5,134,392)
Grants received		1,312,271	-
Interest received		11,577	24,372
Interest and other finance costs paid		(54,858)	(33,659)
Net cash (used in) operating activities	23	(5,937,509)	(5,143,679)
Cash flows from investing activities			
Payments for property, plant and equipment		(15,413)	(32,419)
Refund (Payments) for security deposits		48,370	(109,184)
Cash acquired on acquisition		-	53,574
Net cash from / (used in) investing activities		32,957	(88,029)
Cash flows from financing activities			
Proceeds from issue of shares		2,271,292	7,045,500
Share issue transaction costs		(227,468)	(470,791)
Loan advanced		-	(274,818)
Proceeds from borrowings		3,886,255	1,000,000
Repayment of borrowings		(1,020,000)	(865,694)
Borrowing transaction costs		(370,339)	-
Net cash from financing activities		4,539,740	6,434,197
Net increase/(decrease) in cash and cash equivalents		(1,364,812)	1,202,489
Cash and cash equivalents at the beginning of the financial year		1,741,857	539,368
Cash and cash equivalents at the end of the financial year	7	377,045	1,741,857

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IWebGate Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. IWebGate Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is IWebGate Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
Rendering of services revenue from service fees is recognised by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant revenue
Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

IWebGate Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-7 years

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Research and development
Research costs are expensed in the period in which they are incurred. Development costs shall be capitalised only when technical feasibility and commercial viability of the project is demonstrated; the consolidated entity has an intention and ability to complete the project; and the costs can be measured reliably. Subsequent expenditure on capitalised intangibles is capitalised only when it increase the future economic benefits embodied in the specific asset to which it relates.

Patents and trademarks
Patent and trademark costs are expensed in the period in which they are incurred.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Convertible notes at fair value through profit and loss
Convertible notes issued by the group include embedded derivatives (option to convert to a variable number of shares in the group). These convertible notes are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense
Employees may nominate their own superannuation fund into which the Company pays superannuation contributions. The Company currently contributes 9.5% of employee's salary to each employee's nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Company.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Going Concern
These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $9,919,960, had net cash outflows from operating activities of $5,937,509 and working capital deficiency of $4,570,961. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the group's ability to continue as a going concern.

The directors believe that there are reasonable grounds to believe that the Group will continue as going concern, after considering the following factors:

- The completion post year end of a placement raising $5,560,000 and will seek shareholder to approve an additional issue of 53,333,334 shares raising $2,400,000;

- Substantial cost cutting measures have been undertaken after year end;

- The Group expects to increase revenues during FY2017 from SD-WAN patented technology solutions.

- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;

- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available

- During the year the Group incurred one off financing costs of $3,076,492 which will not be incurred in the subsequent years;

- As at 30 June the Group had borrowings of $3,705,063 which $2,242,155 has been repaid post year end, $528,400 will be repaid in shares, and $934,508 will be repaid from the capital raising;

- The Directors have determined that future equity raisings may be required and could be achieved to provide funding for the Group's activities and to meet the Group's objectives. The Group has historical success in raising equity and debt capital and the Group is publicly listed on the ASX;

- The Group has successfully received grants for prior years Research & Development expenditure;

- The Group retains the ability, if required, to wholly or in part dispose of its intellectual property.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Fair Value Measurement
Due to their short-term nature, the carrying amount of the current receivables, current payables and current borrowings is assumed to approximate their fair value. Loans are recognised at the fair value of the consideration received, net of transaction costs.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of IWebGate Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016.

The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Title of standard	*Nature of change*	*Impact*	*Mandatory application date/ Date adopted by company*
AASB 9 Financial Instruments	AAB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	The entity has financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 July 2018. The new hedging rules align hedge accounting more closely with the company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2018. Application date for the company will be 30 June 2019. The company does not currently have any hedging arrangements in place.

AASB 15 (issued June 2014) Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	The company has not yet made an assessment of the impact of this standard.	Must be applied for annual reporting periods beginning on or after 1 January 2018. Application date for the company will be 30 June 2019.
AASB 16 Leases	IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.	Due to the recent release of this standard, the group has not yet made a detailed assessment of the impact of this standard.	There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

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

Fair Value of Debt Facility

Debt facilities that can be can be converted to share capital at the option of the holder and where the number of shares is variable, contains an embedded derivative liability. The embedded derivative liability is calculated (at fair value) first and the residual value is assigned to the debt host contract. The embedded derivative is subsequently measured at fair value and movements are reflected in the profit and loss.

Certain debt facilities issued by the Group which include embedded derivatives (options to convert to variable number of shares in the Group) are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised in the profit or loss as finance costs. The subjectivity of the method of fair valuing theses convertible notes lies in the method on the calibration adjustment is realised to the profit or loss statement over the life of the note. See Notes 14 and 25 for further details.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Developments costs
Development costs shall be capitalised only when technical feasibility and commercial viability of the project is demonstrated; the consolidated entity has an intention and ability to complete the project; and the costs can be measured reliably.

Note 3: Operating Segments
The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources. The CODM comprise James Tsiolis (Chief Executive Officer) and Tim Gooch (Innovation and Business Development Officer) and decisions in regards to the companies resources are made with regards to each individual company or geographical area. The reportable segment is represented by the primary statements forming this financial report.

Operating segment information

Consolidated - 2016	Australia $	USA $	Europe $	Corporate $	Total $
Revenue					
Sales to external customers / interest	279,927	5,492	-	11,577	296,996
Other revenue	-	-	-	814,754	814,754
Total revenue	279,927	5,492	-	826,331	1,111,750
Expenses					
Sales, Marketing, Travel	(1,231,399)	(614,432)	(612,970)	(233,549)	(2,692,350)
Admin, Office, Corporate	(328,928)	(327,574)	-	(865,679)	(1,522,181)
Development & Commercialisation	-	(1,417,693)	-	(2,156,100)	(3,573,793)
Finance costs	-	-	-	(3,076,492)	(3,076,492)
Employee benefits expense	(34,499)	-	-	-	(34,499)
Depreciation expense	(5,126)	(14,176)	-	-	(19,302)
Impairment of receivables	(113,093)	-	-	-	(113,093)
Total Expenses	(1,713,045)	(2,373,875)	(612,970)	(6,331,820)	(11,031,710)
(Loss) before income tax expense	(1,433,118)	(2,368,383)	(612,970)	(5,505,489)	(9,919,960)

Consolidated - 2015	Australia $	USA $	Europe $	Corporate $	Total $
Revenue					
Sales to external customers / interest	378,720	76,946	-	-	455,666
Other revenue	-	-	-	497,517	497,517
Total revenue	378,720	76,946	-	497,517	953,183
Expenses					
Sales, Marketing, Travel	(691,431)	-	-	(387,215)	(1,078,646)
Admin, Office, Corporate	(152,855)	(112,353)	-	(444,624)	(709,832)
Development & Commercialisation	(75,585)	(116,721)	-	(3,799,326)	(3,991,632)
Finance costs	-	-	-	(125,874)	(125,874)
Employee benefits expense	(15,292)	-	-	(96,226)	(111,518)
Depreciation expense	(3,285)	(13,527)	-	(5,703)	(22,515)
Impairment of receivables	(56,435)	-	-	(274,818)	(331,253)
Listing expenses on acquisition of iWebGate	-	-	-	(2,003,760)	(2,003,760)
Total Expenses	(994,883)	(242,601)	-	(7,137,546)	(8,375,030)
(Loss) before income tax expense	(616,163)	(165,655)	-	(6,640,029)	(7,421,847)

Geographical information

	Geographical non-current assets	
	2016 **$**	**2015** **$**
Geographical non-current assets		
Australia	11,786	10,858
USA	14,359	19,176
Europe	-	-
	26,145	30,034

Reconciliation:		
Property, plant and equipment – Australia		
Opening balance	10,858	18,165
Acquisitions at cost	6,054	1,681
Depreciation expense	(5,126)	(8,988)
Closing balance	11,786	10,858
Property, plant and equipment – USA		
Opening balance	19,176	1,965
Acquisitions at cost	9,359	30,738
Depreciation expense	(14,176)	(13,527)
Closing balance	14,359	19,176

The geographical non-current assets above represent property, plant and equipment and are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

	Consolidated	
	2016 $	2015 $
Revenue		
Sales revenue	285,419	431,294
Interest	11,577	24,372
Revenue from continuing operations	296,996	455,666
Other Income		
Grants and R&D Refund	814,754	497,517
Foreign exchange gains		
Exchange differences on translation of foreign operations	80,788	76,647

Note 5. Expenses

	Consolidated	
	2016 $	2015 $
Finance costs		
Borrowing costs		
- Other debt facility charge at fair value (see note 14)	1,049,046	-
- Options debt facility charge at fair value (see Note 14)	916,512	-
	1,965,558	-
Borrowing transaction cost	370,339	-
Legal and other costs related to borrowings	614,951	-
Interest paid/payable	125,644	125,874
	3,076,492	125,874
Employee benefits expense		
Annual leave	34,499	111,518
Depreciation expense		
Property, plant and equipment	19,302	22,515
Impairment of receivables		
Trade receivables	113,093	56,435
Other receivables	-	274,818
	113,093	331,253
Rental expense relating to operating leases		
Minimum lease payments	183,363	128,087

Note 6. Income tax expense

	Consolidated 2016 $	Consolidated 2015 $
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	-	-
Loss before income tax expense from continuing operations	(9,919,960)	(7,421,847)
Tax at the statutory tax rate of 30%	(2,975,988)	(2,226,554)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deductible Tax Amortisation (s40-880)	(120,866)	(133,266)
Listing Fee Expense – Non-Tax Deductible	-	421,559
Movement in Accrued Expenses	16,192	3,246
Movement in Provision for Annual Leave	3,848	33,455
Movement in Provision for Doubtful Debts	33,967	16,931
Movement in Prepaid Expenses	-	9,851
Movement in Provision for Loan Write-Down	-	82,445
Movement in Provision For Superannuation Expense	-	9,432
Non-Assessable Prior Year Research and Development Tax Incentive	(175,431)	(149,255)
Non-Deductible Consultancy Costs	-	57,000
Non-Deductible Entertainment	4,159	-
Non-Deductible Legal Fees	41,061	48,140
Non-Deductible Patent Expenses	15,191	10,086
Non-Deductible Finance/Capital Raising Costs	490,946	-
Non-Deductible Superannuation Payments	66,079	23,992
Plant & Equipment to be Depreciated	-	2,030
Unrealised Foreign Exchange Loss	-	1,251
Tax losses not recognised	(2,600,842)	(1,789,657)
Deferred Tax Asset in respect to Tax Losses and other Temporary Differences not recognised	2,600,842	1,789,657
Income tax expense	-	-
Unused tax losses for which no deferred tax has been recognised – Income (Australian)	17,909,874	10,477,848
Unused tax losses for which no deferred tax has been recognised – Income (Overseas)	144,070	153,771
Unused tax losses for which no deferred tax has been recognised – Capital (Australian)	9,546,682	9,546,682

The availability of the Australian tax losses (Income: $17,909,874 and Capital $9,546,682) are subject to the Company's ability to satisfy Australian Taxation Office's requirements for utilisation. In particular, $6,052,069 relate to losses incurred in the period up to and including the acquisition of iWebgate Technology Limited.

Note 7. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	377,045	1,741,857

Note 8. Current assets - trade and other receivables	Consolidated 2016 $	2015 $
Trade receivables	169,528	130,432
Grants and R&D Refund	-	497,517
Security deposits	78,598	126,968
Other receivables	-	274,818
Less: Provision for impairment of receivables	(169,528)	(331,253)
	78,598	698,482

Impairment of receivables
The consolidated entity has recognised a loss of $169,528 (2015: $331,253) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

Movement in provision	Consolidated 2016 $	2015 $
Opening balance 1 July	331,253	-
Provided during the year	113,093	331,253
Receivables written off as uncollectable	(274,818)	-
Closing balance 30 June	169,528	331,253

Note 9. Non-current assets - property, plant and equipment	Consolidated 2016 $	2015 $
Plant and equipment - at cost	118,694	103,061
Less: Accumulated depreciation	(92,549)	(73,027)
	26,145	30,034

Note 10. Current liabilities - trade and other payables	Consolidated 2016 $	2015 $
Trade payables and accruals	1,930,967	550,908

Note 11. Current liabilities - Employee benefits	Consolidated 2016 $	2015 $
Employee benefits	176,904	111,518

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The above amounts reflect annual leave that has accrued as at the reporting date.

Note 12. Current liabilities - borrowings

	2016 $	2015 $
February 2016 debt facility at fair value	250,000	-
March 2016 debt facility at fair value	1,725,701	-
June 2016 debt facility at fair value	802,675	-
Other loans	55,168	-
	2,833,544	-

Note 13. Current liabilities - other

	Consolidated 2016 $	2015 $
Accrued expenses	-	436,307
Subscription funds received in advance	85,189	-
	85,189	436,307

Note 14. Non-current liabilities - borrowings

	Consolidated 2016 $	2015 $
March 2016 debt facility at fair value	871,519	-
Related party loans (Note 20)	94,757	88,066
Other loans (Note 25)	1,177,030	1,216,689
	2,143,306	1,304,755

Other loans have interest payable at 8% per annum, the interest is payable monthly and is paid from surplus working capital, if surplus working capital is not available then the interest is added to the loan balance.

Borrowings - Fair Value Measurement

October 2015 debt facility

On 16 October 2015 the Company entered into a debt facility under which $950,000 was received, the debt facility had a face value of $1,000,000. A total of 2,139,037 unlisted Options with an exercise price of $0.187 and an expiry date of 4 November 2020 were issued to the parties advancing loan funds. For the purposes of the Australian Accounting Standards the Options are required to be valued and accounted for as a financing cost over the life of the debt facility, the valuation model inputs used to determine the fair value of the Options, are included in the following table. The total finance cost of the debt facility is $332,353 comprising the Options fair value of $282,353 plus the $50,000 subscription discount. This debt was repaid from the funds received from the March 2016 facility.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/10/2015	4/11/2020	$0.18	$0.187	100.00%	0.00%	1.95%	$0.134

February 2016 debt facility

On 26 February 2016 the Company entered into a $250,000 debt facility with the lenders under the October 2015 debt facility as in settlement for the repayment of the October debt facility, no funds were received. The debt facility is repayable on 26 February 2017 and has interest payable quarterly at 10% per annum. This debt facility may be converted into Shares at any time after 1 January 2017 or on an event of default at the lower of: (i) the lowest price per Share at which the Company undertakes a rights issue or placement of Shares before 31 December 2016; or (ii) 90% of the lowest volume weighted average price of Shares on ASX over the last 5 trading days on which Shares are traded immediately preceding the date of conversion; and before 1 January 2017 at 90% of the price per Share at which the Company undertakes the capital raising on which the conversion is based. The total finance cost of the debt facility is the $250,000 subscription discount.

March 2016 debt facility

On 14 March 2016 the Company entered into a share purchase and convertible security agreement comprising a US$1,920,000 convertible facility, under which US$1,600,000 (A$2,113,142) was received, and an equity facility of up to US$6,975,000, under which US$275,000 (A$372,303) was drawdown and received. Under the convertible facility

US$312,334 (A$285,405) has been repaid by the issue of 3,772,887 shares and under the equity facility US$200,000 (A$270,591) has been repaid by the issue of 4,696,707 Shares.

A total of 10,000,000 collateral shares were issued under the facility and are to be purchased at a price being a 90% of three daily volume weighed average prices selected by the lender within the 20 trading days preceding the payment date on or before 15 March 2018, if the shares are not purchased then the shares are to be returned to the Company for cancellation. For the purposes of the Australian Accounting Standards the discount price is required to be valued and accounted for as a financing cost over the life of the debt facility, based on the share price at 30 June 2016 the discount equals $50,000.

A total of 1,500,000 unlisted options with an exercise price of $0.1412 and an expiry date of 8 March 2019, and 8,500,000 unlisted options with an exercise price of $0.147 and an expiry date of 16 March 2019 were issued to the parties advancing loan funds. For the purposes of the Australian Accounting Standards the Options are required to be valued and accounted for as a financing cost over the life of the debt facility, the valuation model inputs used to determine the fair value of the options are included in the following table.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
08/03/2016	08/03/2019	$0.11	$0.1412	100.00%	0.00%	3.22%	$0.064
16/03/2016	16/03/2016	$0.11	$0.147	100.00%	0.00%	3.22%	$0.063

On 22 August 2016 (subsequent event refer Note 27) the Company entered into a settlement deed in relation to the March 2016 debt facility pursuant to which the parties agreed that following the Company making cash payments in the amount of US$1,889,759 (A$2,547,220) representing the amount owing to by the Company under the March 2016 debt facility plus a premium to be paid by the Company for early discharge. The Company has paid US$1,417,319 (A$1,912,712) on 22 August 2016 and is to make the balance payment of US$472,440 by no later than 15 October 2016. The total finance cost of the debt facility is $1,104,603 comprising the US$320,000 (A$420,444) subscription discount, the $50,000 collateral shares discount value, the Options fair value of $634,159, and the payout premium of $144,823.

June 2016 debt facility
On 17 June 2016 the Company entered into a US$500,000 (A$668,896) debt facility and bears interest at a rate of 20% for the duration of the term of the loan. The repayment of the Loan comprises: (a) US$200,000 (A$274,275) in cash, which was paid by the Company on 12 August 2016 (subsequent event refer Note 27); (b) US$200,000 to be repaid to the Lenders in shares on 17 October 2016 at an issue price of A$0.02 per Share and to be escrowed for a period of 12 months from the date of issue; (c) US$200,000 to be repaid to the Lenders in shares on 17 October 2016 at an issue price which is equal to 80% of the volume weighted average price of the Company's Shares on ASX over the last 10 days on which the Company's Shares traded on ASX immediately preceding 17 October 2016.The total finance cost of the debt facility is the US$100,000 (A$133,779) interest payable.

Note 15. Equity - issued capital	**Consolidated**			
	2016 Shares	**2015 Shares**	**2016 $**	**2015 $**
Ordinary shares - fully paid	639,298,019	609,059,604	15,682,329	13,353,100

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Opening balance	1 Jul 2014	11,434,918		2,782,407
Issue of shares	4 Dec 2014	12,501,250	$0.40	5,000,500
Share issue transaction costs, net of tax	4 Dec 2014	-		(344,524)
Facilitation shares		5,000,000		200,000
Shares for acquisition of iWebGate Group, Deemed consideration on acquisition		465,972,916		3,795,985
Shares in iWebGate on completion of acquisition		115,360,438		-
iWebgate Group shares eliminated on completion of acquisition		(11,434,918)		-
Issue of shares	24 Jun 2015	10,225,000	$0.20	2,045,000
Share issue transaction costs, net of tax	24 Jun 2015	-		(126,268)
Closing balance	30 Jun 2015	609,059,604		13,353,100

Details	**Date**	**No of shares**	**Issue price**	**$**
Opening balance	1 Jul 2015	609,059,604		13,353,100
Issue of shares – placement (i)	23 Oct 2015	10,592,350	$0.17	1,800,700
Issue of shares – placement (ii)	4 Nov 2015	1,176,471	$0.17	200,000
Share issue transaction costs, net of tax		-		(227,468)
Borrowing collateral shares (v)	16 Mar 2016	10,000,000		-
Borrowing repayment in shares (vi)	22 Apr 2016	1,602,737	$0.086	137,835
Equity drawdown (vii)	10 May 2016	1,464,601	$0.07	102,522
Borrowing repayment in shares (viii)	20 May 2016	2,170,150	$0.068	147,570
Equity drawdown (ix)	10 Jun 2016	3,232,106	$0.052	168,070
Closing balance	30 Jun 2016	639,298,019		15,682,329

Note: 308,008,973 shares are escrowed until 17 December 2016

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	Consolidated	
Options	**2016 Options**	**2015 Options**
Options	23,907,857	-

Movements in options:

Details	Date	No of options	Exercise price
Opening balance	1 Jul 2015	-	
Expiry date of 31 October 2017 (i)	23 Oct 2015	10,592,350	$0.25
Expiry date of 31 October 2017 (ii)	4 Nov 2015	1,176,471	$0.25
Expiry date of 4 November 2020 (iii)	4 Nov 2015	2,139,036	$0.187
Expiry date of 8 March 2019 (iv)	8 Mar 2016	1,500,000	$0.1412
Expiry date of 16 March 2019 (v)	16 Mar 2016	8,500,000	$0.147
Closing balance	30 Jun 2016	23,907,857	

(i) On 23 October 2015 pursuant to a placement the company issued 10,592,350 shares at $0.17 per share and 10,592,350 attaching unlisted options exercisable at $0.25 with an expiry date of 31 October 2017 for nil consideration.

(ii) On 4 November 2015 pursuant to a placement the company issued 1,176,471 shares at $0.17 per share and 1,176,471 attaching unlisted options exercisable at $0.25 with an expiry date of 31 October 2017 for nil consideration.

(iii) On 4 November 2015 pursuant to the October 2015 debt facility the company issued 2,139,036 unlisted options exercisable at $0.187 with an expiry date of 4 November 2020 for nil consideration.

(iv)On 8 March 2016 pursuant to the March 2016 debt facility the company issued 1,500,000 unlisted options exercisable at $0.1412 with an expiry date of 8 March 2019 for nil consideration.

(v) On 16 March 2016 pursuant to the March 2016 debt facility the company issued 10,000,000 collateral shares for nil consideration and 8,500,000 unlisted options exercisable at $0.147 with an expiry date of 14 March 2019 for nil consideration. The collateral shares are to be purchased at a price being a 90% of three daily volume weighed average prices selected by the lender within the 20 trading days preceding the payment date on or before 15 March 2018, if the shares are not purchased then the shares are to be returned to the Company for cancellation.

(vi) On 22 April 2016 pursuant to the March 2016 debt facility the company issued 1,602,737 shares at $0.086 per share for a US$106,667 repayment of debt.

(vii) On 10 May 2016 pursuant to the March 2016 debt facility the company issued company issued 1,464,601 shares at $0.07 per share in settlement of US$75,000 equity drawdown.

(viii) On 20 May 2016 pursuant to the March 2016 debt facility the company issued 2,170,150 shares at $0.068 per share for a US$106,667 repayment of debt.

(ix) On 10 June 2016 pursuant to the March 2016 debt facility the company issued company issued 3,232,106 shares at $0.052 per share in settlement of US$125,000 equity drawdown.

Share-based payments adjustment
The 31 December 2015 half yearly accounts included disclosure of the proposed issue of 24,500,000 options to directors that were subject to shareholder approval and that had an estimated expense value of $492,272 included as a share based payment expense in the 31 December 2015 accounts. Shareholder approval has now not been sought for the issue of the options following the resignation of Kathryn Foster and Kevin Greene as directors, and James Tsiolis will not be issued options pursuant to his original directors appointment and will be issued new options under an executive employment agreement. Accordingly the share based payment expense recorded in the half year accounts of $492,272 has been reversed.

Note 16. Equity - reserves

	Consolidated	
	2016 $	2015 $
Foreign currency reserve	(167,694)	(86,906)
Option reserve	916,512	-
	748,818	(86,906)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Options reserve
This reserve is used to record the value of equity benefits provided for the issue of options.

	Consolidated 2016	$ 2015
Balance 1 July	-	-
October 2015 debt facility 2,139,036 unlisted options (see Note 14)	282,353	-
March 2016 debt facility 1,500,000 unlisted options (see Note 14)	96,246	-
March 2016 debt facility 8,500,000 unlisted options (see Note 14)	537,913	-
Balance 30 June	916,512	-

Note 17. Equity - accumulated losses

	Consolidated 2016 $	2015 $
Accumulated losses at the beginning of the financial year	13,199,309	5,777,462
Loss after income tax expense for the year	9,919,960	7,421,847
Accumulated losses at the end of the financial year	23,119,269	13,199,309

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated 2016 $	2015 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	50,000	37,580
Other services - BDO Audit (WA) Pty Ltd		
Audit of historical financial statements	-	25,180
Audit of grant claims	-	6,660
Other services - BDO Corporate Tax (WA) Pty Ltd		
Preparation of tax return	-	13,829
Other services - BDO Corporate Finance (WA) Pty Ltd		
Independent Accountant Report	-	4,590
	-	50,259
	50,000	87,839

Note 19. Commitments

	Consolidated 2016 $	2015 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	169,647	149,612
One to five years	355,232	553,394
	524,879	703,006

Operating lease commitments includes contracted amounts for offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 20. Related party transactions

Parent entity
IWebGate Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in the remuneration report in the directors' report.

	Consolidated	
Compensation	**2016**	**2015**
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:	**$**	**$**
Short-term employee benefits	1,041,319	658,087
Post-employment benefits	18,219	20,772
Long-term benefits*	79,607	50,841
	1,139,145	729,700

* Annual leave accrued and owed as at the record date.

Compensation in the above table includes Timothy Gooch and Mark Harrell from 1 July 2015 to 30 June 2016, James Tsiolis from 11 November 2015 to to 30 June 2016, Kathryn Foster from 11 November 2015 to 30 June 2016, Kevin Greene 3 December 2015 to 30 June 2016, Adam Sierakowski 1 July 2015 to 16 February 2016 (2015 Adam Sierakowski, Timothy Gooch and Mark Harrell from 1 July 2014 to 30 June 2015, KC Ong and Richard Wolanski from 1 July 2014 to 10 December 2014).

	Consolidated	
Transactions with related parties	**2016**	**2015**
The following transactions occurred with related parties:	**$**	**$**
Payment for services:		
Corporate advisory, and capital raising services from Strategic Capital Management Ltd (director-related entity of James Tsiolis)	549,698	-
Director fees from Strategic Capital Management Ltd (director-related entity of James Tsiolis)	22,000	-
Director remuneration from Alpha First Pty Ltd (director-related entity of James Tsiolis)	220,000	-
Director fees paid to Trident Capital Pty Ltd (director-related entity of Adam Sierakowski)	57,086	61,600
Legal services from Price Sierakowski (director-related entity of Adam Sierakowski)	14,378	178,202
Company secretarial fees and accounting services from Trident Management Services Pty Ltd (director-related entity of Adam Sierakowski and KC Ong)	42,452	73,053
General office services, corporate advisory, and capital raising services from Trident Capital Pty Ltd (director-related entity of Adam Sierakowski)	-	248,715
Director fees paid to KC Ong & Associates (director-related entity of KC Ong)	-	20,790
Facilitation shares issued to Trident Capital Pty Ltd (director-related entity of Adam Sierakowski)	-	200,000

Payable to related parties	Consolidated 2016	2015
The following balances are outstanding at the reporting date in relation to transactions with related parties:	$	$
Current payables:		
Strategic Capital Management Ltd (director-related entity of James Tsiolis)	168,200	-
Alpha First Pty Ltd (director-related entity of James Tsiolis)	220,000	-
Price Sierakowski (director-related entity of Adam Sierakowski)	-	11,226
Trident Management Services Pty Ltd (director-related entity of Adam Sierakowski)	15,661	10,450
Trident Capital Pty Ltd (director-related entity of Adam Sierakowski)	18,586	17,600

Loans from related parties	Consolidated 2016	2015
The loan balances are outstanding at the reporting date with related parties:	$	$
Borrowings:		
Talks One Pty Ltd as trustee for the Gooch Family Trust (director-related entity of Tim Gooch)	63,076	58,570
Mark Harrell as trustee for Harrell Family Trust (director-related entity of Mark Harrell)	31,681	29,496
Interest accrued:		
Talks One Pty Ltd as trustee for the Gooch Family Trust (director-related entity of Tim Gooch)	4,505	33,225
Mark Harrell as trustee for Harrell Family Trust (director-related entity of Mark Harrell)	2,185	2,185
Repayments:		
Talks One Pty Ltd as trustee for the Gooch Family Trust (director-related entity of Tim Gooch)	-	865,694
Mark Harrell as trustee for Harrell Family Trust (director-related entity of Mark Harrell)	-	-

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

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income	Parent 2016 $	2015 $
Loss after income tax	3,524,260	610,116

Statement of financial position	Parent 2016 $	2015 $
Total current assets	7,283	1,449,684
Total assets	7,283	1,449,684
Total current liabilities	3,302,749	87,030
Total non current liabilities	871,519	-
Total liabilities	4,174,269	87,030

Equity		
Issued capital	14,118,774	11,789,545
Option reserve	916,512	-
Accumulated losses	(19,202,272)	(10,426,891)
Total equity / (Deficiency in Equity)	(4,166,986)	1,362,654

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2016 %**	**2015 %**
iWebGate Technology Pty Ltd	Australia	100.00%	100.00%
iWebGate APAC Pty Ltd	Australia	100.00%	100.00%
iWebGate Corp	USA	100.00%	100.00%
Ghost Network Inc	USA	100.00%	100.00%

Note 23. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2016 $	**2015 $**
Loss after income tax expense for the year	(9,919,960)	(7,421,847)
Adjustments for:		
Depreciation and amortisation	19,302	22,515
Foreign exchange differences	(80,788)	(76,647)
Impairment of receivables	113,093	331,253
Interest accrued on loans	42,199	92,215
Borrowing options finance cost (see Note 14)	916,512	-
Borrowing finance cost (see Note 14)	1,049,046	-
Borrowing transaction cost	370,339	-
Listing fee expense on acquisition of iWebGate	-	1,257,229
Change in operating assets and liabilities:		
Increase in trade and other receivables	458,421	(148,901)
Decrease/(increase) in other operating assets	-	-
Increase (decrease) in employee benefits	150,575	111,518
Increase/(decrease) in trade and other payables	943,752	688,986
Net cash (used in) operating activities	(5,937,509)	(5,143,679)

Non cash financing and Investing activities

(i) Debt facility borrowings totalling $285,406 have been repaid in shares. (refer note 14).

(ii) Debt facility financing changes of $916,562 have been paid by the issue of options. (refer note 14).

Note 24. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of IWebGate Limited	(9,919,960)	(7,421,847)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic diluted earnings/(loss) per share	620,946,613	398,473,333
	$	**$**
Basic earnings/(loss) per share	(0.02)	(0.02)
Diluted earnings/(loss) per share	(0.02)	(0.02)

Note 25. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures but may do so as and when required. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by senior executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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

	Assets		Liabilities	
Consolidated	**2016 $**	**2015 $**	**2016 $**	**2015 $**
US dollars	59,016	241,452	418,457	14,872

The consolidated entity had net liabilities denominated in foreign currencies of $359,440 (assets of $59,016 less liabilities of $418,457) as at 30 June 2016 (2015: net assets $226,580 (assets of $241,452 less liabilities of $14,872)). Based on this exposure, had the Australian dollar weakened by 5% / strengthened by 5% (2015: weakened by 5% / strengthened by 5%) against the foreign currency with all other variables held constant, the consolidated entity's loss before tax for the year would have been $485 lower / $485 higher (2015: $6,905 lower / $6,905 higher) and equity would have been $17,972 lower / $17,972 higher (2015: $11,329 lower / $11,239 higher). The percentage change is the expected overall volatility of the significant currency, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value risk. The consolidated entity's borrowings outstanding, totalling $2,143,306 (2015: $1,304,755), are fixed interest loans.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
There are no unused borrowing facilities at the reporting date.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	1,930,967	-	-	-	1,930,967
Accrued expenses	-%	83,025	-	-	-	83,025
Borrowings	-%	2,778,376	871,519	-	-	3,649,895
Other loans	-%	85,189	-	-	-	85,189
Interest-bearing - fixed rate						
Related party loans	8%	-	94,757	-	-	94,757
Other loans	8%	55,168	1,177,030	-	-	1,232,198
Total non-derivatives		4,932,725	2,143,306	-	-	7,076,031

The lenders of the non current interest bearing loans have provided the Company has agreed to defer repayment of their loans for at least 12 months.

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	550,908	-	-	-	550,908
Accrued expenses	-%	436,307	-	-	-	436,307
Interest-bearing - fixed rate						
Related party loans	8.2%	-	88,066	-	-	88,066
Other loans	8.2%	-	1,216,689	-	-	1,216,689
Total non-derivatives		987,215	1,304,755	-	-	2,291,970

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair value measurement
The finance facilities (February 2016, March 2016 and June 2016) are carried at their fair value at 30 June 2016.

There are no other assets or liabilities carried at fair value in the accounts.

For other borrowings (other loans) the fair value is not materially different to their carrying value, since the interest payable on these borrowings is close to current market rates and the borrowings are short term in nature.

As at 30 June 2016	**Fair value $**
Current debt facility	2,778,376
Non-current debt facility	871,519

<u>Recurring fair value measurements</u>
The following financial instruments are subject to recurring fair value measurements:

Derivative liabilities	**Year ended 30 June 2016 $**
Debt facility face value	3,649,895
Financial liability at fair value - Level 3	3,649,895

<u>Fair value hierarchy</u>
AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:
- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices),
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

<u>Transfers</u>
During the year ended 30 June 2016, there were no transfers between levels 1 and 2 of the fair value hierarchy. There were also no transfers into or out of level 3 during the period.

<u>Valuation techniques used to derive level 3 fair values</u>
The following table sets out the valuation techniques used to measure fair values within Level 3 at 30 June 2016, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Description – Debt facility

Valuation approach - The free attaching options were valued based on a Black Scholes model. The fair value of the financial liability was calculated based on the face value of the debt facility minus the value of the free attaching options. The fair value of the financial liability will be accredited to the face value of the debt facility over its term, using an effective interest rate (31%).

Unobservable inputs - The probability of issue of equity before expiry of the debt facility. The probability is assessed as nil at 30 June 2016.

Range of inputs - Should the probability of issue of equity change, the price of the conversion for each debt facility is set out in Note 14.

Relationship between unobservable inputs and fair value - If the probability of conversion to equity is considered probable then the embedded derivative will be valued (based on market price of shares x no of shares prevailing at that date) and recognised which will decrease the fair value of the financial liability.

<u>Reconciliation of level 3 movements</u>
The following table sets out the movements in level 3 fair values for contingent consideration payable.

	$
Opening balance 1 July 2015	-
Debt facility issued	4,224.437
Debt facility repaid	(574,542)
Closing balance 30 June 2016	3,649,895

<u>Valuation processes for level 3 fair values</u>
The financial department performs Level 3 valuations. The financial department reports to the Board of Directors. Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements. Valuations are reviewed and approved by the Board of Directors.

Note 26. Contingent liabilities
There are no contingent liabilities as at 30 June 2016 (2015 $nil).

Note 27. Events after the reporting period

On 3 August 2016 pursuant to a placement the company issued 124,444,431 shares at $0.045 per share. Pursuant to the placement the Company will seek shareholder approval to issue a further 53,333,334 shares at $0.045 per share.

On 12 August 2016 the Company has paid US$200,000 (A$274,275) in part repayment of the June 2016 debt facility.

On 22 August 2016 the Company entered into a settlement deed in relation to the March 2016 debt facility pursuant to which the parties agreed that following the Company making cash payments in the amount of US$1,889,759 (A$2,547,220) representing the amount owing to by the Company under the March 2016 debt facility plus a premium to be paid by the Company for early discharge. The Company has paid US$1,417,319 (A$1,912,712) on 22 August 2016 and is to make the balance payment of US$472,439.78 by no later than 15 October 2016.

Other than the above there have been no other material events subsequent to the year ended 30 June 2016.

iWebGate Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

James Tsiolis
Director

30 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of iWebGate Limited

Report on the Financial Report

We have audited the accompanying financial report of iWebGate Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of iWebGate Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of iWebGate Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which describes the conditions that give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of iWebGate Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 September 2016

The shareholder information set out below was applicable as at 27 September 2016.

Distribution of shareholdings
Analysis of number of shareholders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares
1 to 1,000	401	142,175
1,001 to 5,000	173	462,091
5,001 to 10,000	84	659,130
10,001 to 100,000	438	18,045,199
100,001 and over	478	744,433,855
	1,574	763,742,450
Holding less than a marketable parcel	675	1,456,379

Twenty largest quoted equity security holders
The names of the twenty largest security holders (unconsolidated) of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
SINGARA PTY LTD	84,138,951	11.02
TALKS ONE PTY LTD <GOOCH FAMILY A/C>	84,138,951	11.02
THE SUTHERLAND FAMILY COMPANY PTY LTD <SWAN A/C>	82,570,076	10.81
MARK HARRELL <HARRELL FAMILY A/C>	25,087,992	3.28
TR7 HOLDINGS PTY LTD	17,638,363	2.31
MARKENFIELD PTY LTD <THE METTAM FAMILY A/C>	17,277,155	2.26
REEF INVESTMENTS PTY LTD <T D NAIRN SUPER FUND A/C>	15,323,100	2.01
AUXILIATUS PTY LTD <THE IWEBGATE FUND A/C>	12,500,000	1.64
MR DAVID JOHN EDWARD LEDGER	11,250,000	1.47
HYNDON PTY LTD <THE INDERJIT SINGH PL SF A/C>	11,111,111	1.45
BNP PARIBAS NOMINEES PTY LTD <ALBERT FRIED CUSTOMER DRP>	10,932,559	1.43
HOLICARL PTY LTD <DOSSOR CHILDREN A/C>	10,000,000	1.31
MR MICHAEL JAMES LEWIS <LEWIS A/C>	9,850,000	1.29
CITICORP NOMINEES PTY LIMITED	9,495,684	1.24
JAWATTE NOMINEES PTY LTD <BARTLETT FAMILY SF A/C>	8,063,687	1.06
EXTREME ROOFING PTY LTD <DE BIE FAMILY A/C>	7,291,319	0.95
HOLICARL PTY LTD <SPRING RIDGE A/C>	6,666,666	0.87
ANTHONY GOOCH <GOOCH FAMILY A/C>	6,649,012	0.87
MR JOHN ROLAND PARKMAN + MRS ANNETTE JANE PARKMAN <PARKMAN S/F A/C>	6,115,748	0.80
MR PETER WILLIAM CLARK + MRS LESLEIGH ANN CLARK <THE CLARK SUPER FUND A/C>	5,863,163	0.77
	441,963,537	57.87

Substantial shareholders
Substantial holders of ordinary shares in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
SINGARA PTY LTD	84,138,951	11.02
TALKS ONE PTY LTD <GOOCH FAMILY A/C>	84,138,951	11.02
THE SUTHERLAND FAMILY COMPANY PTY LTD <SWAN A/C>	82,570,076	10.81

Voting rights
The voting rights attached to ordinary shares are set out below:
Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	17 December 2016	308,008,973

Option Holdings
The Company has the following classes of options on issue as at 27 September 2016. Options do not carry Any voting rights.

Details	Exercise price	No of options
Expiry date of 31 October 2017	$0.25	11,768,821
Expiry date of 4 November 2020	$0.187	2,139,036
Expiry date of 8 March 2019	$0.1412	1,500,000
Expiry date of 16 March 2019	$0.147	8,500,000
		23,907,857

	Number of holders of unlisted options	Number of unlisted options
10,001 to 100,000	20	874,661
100,001 and over	30	23,033,196
	50	23,907,857
Holding less than a marketable parcel	0	0

The following option holders hold more than 20% of a particular class of the unlisted options.

Expiry date	4 November 2020	8 March 2019	16 March 2019
L1 CAPITAL GLOBAL (CAYMAN MANAGER) LIMITED <L1 CAP GLOBAL OPP MATER A/C>	1,604,278		
THE AUSTRALIAN SPECIAL OPPORTUNITY FUND LP		1,500,000	
LIND ASSET MANAGEMENT V LLC			8,500,000

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.iwebgate.com under the section marked "Corporate Governance":

a) Board Charter;
b) Board Performance Evaluation Policy;
c) Code of Conduct;
d) Audit Committee Charter;
e) Remuneration and Nomination Committee Charter;
f) Security Trading Policy;
g) Continuous Disclosure Policy;
h) Shareholder Communication and Investor Relations Policy;
i) Risk Management Policy; and
j) Diversity Policy.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

a) setting and reviewing strategic direction and planning;
b) reviewing financial and operational performance;
c) identifying principal risks and reviewing risk management strategies; and
d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer and the management team. The management team, led by the Chief Executive Officer is accountable to the Board.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company has a written agreement with each of the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

a) ensuring a good flow of information between the Board, its committees, and Directors;

b) monitoring policies and procedures of the Board;

c) advising the Board through the Chairman of corporate governance policies; and

d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and

b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

Recommendation 1.6

The Chief Executive Officer will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

This policy is to ensure:

a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;

b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and

c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and

Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration and nomination committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

a) a broad range of business experience; and

b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

a) James Tsiolis (Chairman);

b) Tim Gooch (Executive Director);

c) Robert Turner (Non Executive Director); and

d) Trevor Cain (Non Executive Director).

The Chairman, Mr James Tsiolis has been a director of the Company since 11 November 2015, he is a director and shareholder of Strategic Capital Management, a provider of material professional services, a shareholder in the Company, and accordingly, is not independent. Mr Tim Gooch has been as a director of the Company since 9 December 2014, he a director and shareholder of Talks One Pty Ltd a lender to the Company and a substantial shareholder, and accordingly is not independent.

Mr Robert Turner and Mr Trevor Cain are independent directors.

Recommendation 2.4

Currently, the Board considers that membership weighted towards technical expertise is appropriate at this stage of the Company's operations.

Recommendation 2.5

As noted above, Mr James Tsiolis is not an independent Chairman. Mr James Tsiolis is considered to be the most appropriate person to Chair the Board because of his public company experience.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (**Code**), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company.

The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board.

The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee is carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and does not arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

a) ensuring that shareholders and the market are provided with full and timely information about its activities;

b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and

c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.iwebgate.com. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

a) relevant announcements made to the market via ASX;
b) media releases;
c) investment updates;
d) Company presentations and media briefings;
e) copies of press releases and announcements for the preceding three years; and
f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

a) reports to Shareholders;
b) ASX announcements;
c) annual general meetings; and
d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

a) operational risk;
b) financial reporting;
c) compliance / regulations; and
d) system / IT process risk.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
b) quarterly rolling forecasts prepared;

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks. .

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website

When the Board meets as a remuneration committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Employee Incentive Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
b) trading in the Company's securities which is not subject to the Company's trading policy; and
c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.