

Appendix 4D

Half Year Report to the Australian Securities Exchange

Part 1

Name of Entity	Dubber Corporation Limited
ABN	64 089 145 424
Half Year Ended	31 December 2016
Previous Corresponding Reporting Period	Half Year Ended 31 December 2015

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	236	(1)%
Loss from continuing activities after tax attributable to members	(5,433)	12%
Net loss attributable to members	(5,433)	12%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for other details.

Part 3 – Contents of ASX Appendix 4D

Section	Contents
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

Part 4 – Commentary on Results

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Part 6 – Net Tangible Assets per Security

	2016	2015
Net tangible asset backing per ordinary security	3.73 cents	4.62 cents

Part 7 – Details of Entities Over Which Control has been Gained or Lost

Name of entity (or group of entities)	Not applicable
Date control gained or lost	Not applicable
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	Not applicable
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	Not applicable

Part 8 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	2016 %	2015 %	2016 \$A'000	2015 \$A'000
Name of entity	N/A	N/A	N/A	N/A
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

Part 9 – Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

<p>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</p> <p style="text-align: center;">Not applicable</p>
<p>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</p> <p style="text-align: center;">Not applicable</p>

Attachments Forming Part of Appendix 4D

Attachment No.	Details
1	Interim Financial Report

<p>Signed by Director</p> 
<p>Peter Pawlowitsch</p>
<p>Dated: 28 February 2017</p>

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ABN 64 089 145 424

DUBBER CORPORATION LIMITED

**Interim Financial Report
For the Half-Year Ended 31 December 2016**

Board of Directors

Peter Pawlowitsch
Non-Executive Chairman

Steve McGovern
Managing Director

Ken Richards
Non-executive Director

Ian Hobson
Company Secretary

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9324 2099

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Securities Exchange

Dubber Corporation Limited shares are listed on the Australian Securities Exchange

ASX Code: DUB

Principal Place of Business

Level 5, 2 Russell Street
Melbourne VIC 3000

Telephone: +61 3 8658 6111

Facsimile: +61 3 8080 6466

Website: www.dubber.net/investors

Registered Office

Suite 5, 95 Hay Street
Subiaco WA 6008

Solicitor

Nova Legal
Ground Floor, 10 Ord Street
West Perth WA 6005

Banker

Westpac Banking Corporation Limited
150 Collins Street
Melbourne VIC 3000

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Steve McGovern	Managing Director
Peter Pawlowitsch	Non-executive Chairman
Ken Richards	Non-executive Director

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Dubber Corporation Limited was \$5,433,072 (2015: loss of \$4,840,053).

Highlights

During the half-year the Company continued with its stated aim of furthering its engagement with the telecommunication service providers ("telcos"). This has resulted in:

- 18 telcos have agreed to deploy Dubber's cloud-based call recording technology
- Dubber's Platform as a Service and Playback has successfully driven strong demand from BroadSoft Connections Conference held in November 2016
- More than 50 telcos in the 'Dubber lab'

On the Corporate front, Dubber successfully completed a capital raising of \$6.3 million to accelerate US expansion. The Company has a strong focus to increase resources across customer success in 2017, to service telcos who have already deployed the Dubber platform and to continue to increase usage and revenues.

Achievements for Dubber for the Half-Year Ended 31 December 2016

The focus of the Company in 2016 was to develop commercial relationships with telecommunications service providers ("telcos") and deliver unique technology applications which would capitalise on the industry's move towards cloud transformation.

BroadSoft Connections 2016

The culmination of this strategy took place at the annual BroadSoft Connections event in San Antonio, Texas held in November 2016. Dubber was able to demonstrate the world's only 'Platform as a Service' for call recording. The Dubber platform is a turnkey solution in a market where traditional alternatives require significant deployment processes including productisation, change management and capital expenditure, delivering a hardware based or 'hosted' solution with licenses attached.

Dubber demonstrated that not only does its platform remove traditional limitations but it can demonstrate significant commercial opportunities which result from having a scalable platform with a seamless API structure.

At BroadSoft Connections, Dubber illustrated this via its Playback application which provides telcos with the opportunity to completely transform the way phone calls (fixed and mobile) are managed, how voice data can now become a valuable asset which can be monetised, and how other tools can be connected into a cloud strategy with the Dubber platform at the core.

As well as the demonstrations conducted by the Dubber team, the Dubber platform was also promoted and demonstrated by two of Dubber's technology partners, Akixi, a call management, reporting and wallboard provider, and Mondago, leaders in telephony/CRM integration.

DIRECTORS' REPORT

They were able to demonstrate to their existing BroadSoft telco partners the opportunity to seamlessly integrate and manage recordings into their services.

Dubber first attended the BroadSoft Connections event in 2015, where the Company was first introduced to the international telco sector. The Company witnessed a quantum shift in the level of engagement with telcos this year, based on their own requirements for a rapid shift to cloud and the recommendation of BroadSoft account managers who recognise Dubber as a key solution. This was most noticeable with the US-based telecommunications carriers.

This engagement has been the catalyst for the decision to establish Dubber operations within the USA.

Capital Raising

Following the BroadSoft event Dubber completed a capital raising of approximately \$6.3 million. As a result, Dubber now has two 'substantial' institutional investors, Technical Investing Pty Ltd and Thorney Technologies Ltd.

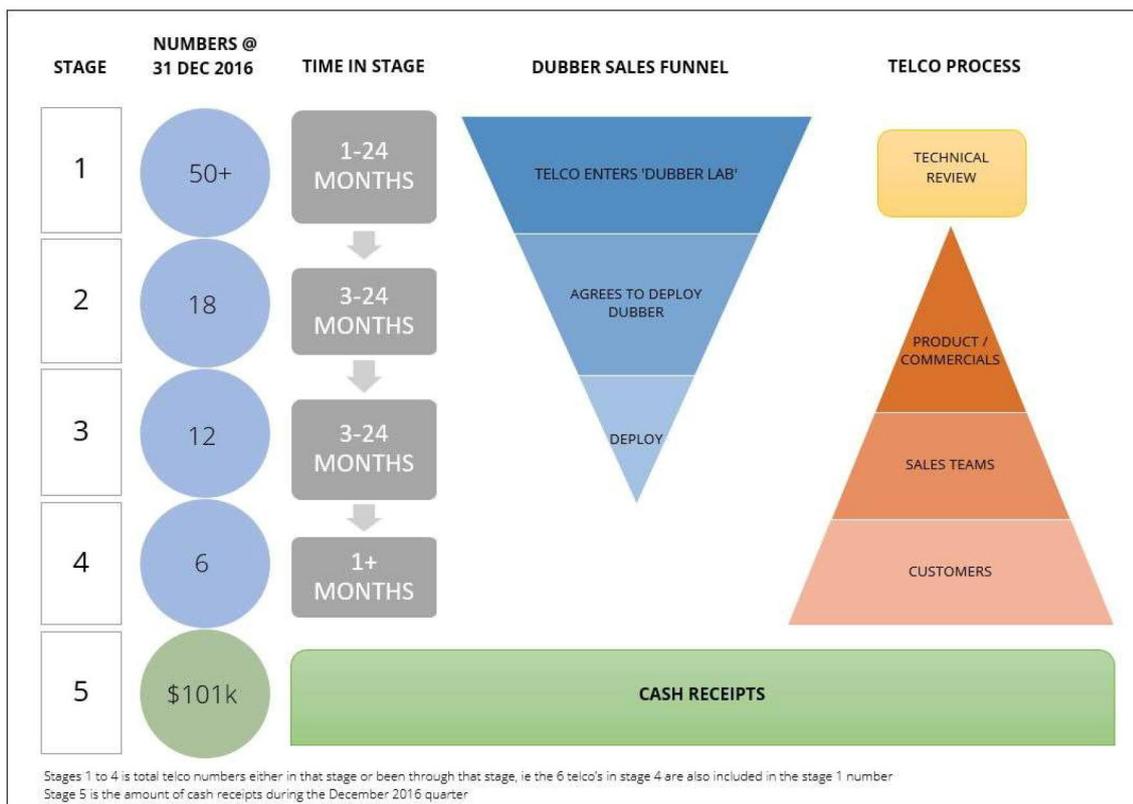
The money raised is being used to fund a significant shift in the Company's strategy, with a particular focus on imminent deployment in the US.

Additionally this will see the appointment of sales, account management and support staff, some of whom will be deployed directly into larger telco partners.

The opportunity to expand the user cases for the Dubber platform beyond that of traditional call recording provides a strong impetus for such support.

Telco Partnerships and Process

Dubber is pleased to provide an overview of its process of selling and deploying the Dubber platform, set out in the 5 stages below.



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DIRECTORS' REPORT

Stage 1:

Once a telco enters the 'Dubber lab' or has commenced commercial discussions (prior to testing), the Company considers that that telco has entered into its sales process. The 'Dubber lab' has been built to enable a telco to connect and start testing Dubber's recording platform very easily with the fastest time it has taken a telco to connect being only 8 minutes.

Once in the Dubber lab, the amount of load testing varies from telco to telco depending on their specific requirements, with the time taken depending on the level of priority within the telco's business. There are many factors that can affect how long this takes, with some being:

- Variations being undertaken to the telcos unified communications platform
- Approval process in the telco
- Other products a telco is aiming to release at the same time as Dubber

Stage 2:

A telco, agrees to deploy the Dubber product. The Company considers a telco to have reached this stage if it receives any of the following:

- A signed agreement with minimum subscriber numbers
- A signed agreement based on end user uptake
- A signed MOU with indications around what the commercial terms will look like
- A letter indicating they intend deploying Dubber

The two commercial and product teams then determine a 'go to market' strategy along with finalising the deployment of the platform. There can be several factors which increase the time until deployment, with some of these being:

- Variations to the telcos unified communications platform
- Integrating Dubber into Operational Support Systems and Business Support Systems.
- Appending Dubber to an existing product launch which has a scheduled date and roadmap.

Building these first two stages has been the Company's focus during 2016, culminating in reaching agreements with 18 telcos for the calendar year (previously targeting 20). Continuing to grow this stage will remain a priority in 2017 via existing engagements and, also, the opening of new territories however, additional resources are also to be added to the final three stages.

Stage 3:

Dubber is deployed on the telcos network. From here the focus turns to ensuring the telcos sales teams are familiar with the Dubber product and the benefits of it for their customers.

As part of the recent capital raising some of the funds raised will be used to add more resources to this area of customer success, to assist in training, account management and creating user cases for Dubber's telco partners.

Stage 4:

Connecting end user customers. This may require, in the instance of a larger customer, an integration to the customer's Customer Relationship Manager (CRM), training of the employees and changes to workflow processes. Once completed, the end user is live.

The Company does not currently release end user numbers and this will continue, as Dubber invoices in a number of ways:

1. Monthly subscription – for an always on service
2. Pay as you go – with the user deciding to record a call as they call or pick-up an inbound call
3. Playback – as part of a bundled plan, where Dubber can get paid either on a monthly basis, a usage basis or a combination of the two.

Dividing the monthly revenue number by the number of users will not produce a relevant revenue per user number due to the variety of charging methods set out above.

Furthermore, there are agreements in place with telcos which prescribe a minimum user commitment over a period of time. This commitment may vary from actual users at any given time until that minimum connection figure is exceeded.

DIRECTORS' REPORT

Stage 5:

Dubber can commence billing the telco with the cash receipts to follow up to 90 days depending on payment terms agreed with the telco.

During 2017, the Company intends to provide updated numbers relating to its sales process as per above as part of the Company's quarterly update.

CHANGES IN STATE OF AFFAIRS

During the half year ended 31 December 2016 there was no significant change in the entity's state of affairs other than that referred to in the half year financial statements or notes thereto.

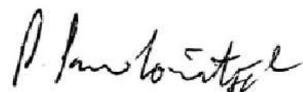
MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no matters or circumstances which have arisen since the end of the half year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than as disclosed in Note 13 to the financial statements.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2016 is included within this financial report.

Signed in accordance with a resolution of Directors.



Peter Pawlowitsch
Chairman

Dated 28 February 2017

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	31 December 2016 \$	31 December 2015 \$
Revenue			
Service income		231,694	232,617
Interest		4,555	6,951
Expenses			
Service platform costs		(1,375,596)	(843,113)
Accounting and tax advice fees		(77,005)	(97,930)
Audit fees		(14,840)	(20,987)
Consulting fees		(205,665)	(181,561)
Depreciation and amortisation		(779,885)	(469,471)
Directors fees and benefits		(266,150)	(374,724)
Employee benefits expense		(1,074,257)	(831,423)
Finance costs		(74,672)	(31,112)
Legal fees		(40,335)	(43,822)
Marketing		(510,492)	(160,698)
Securities exchange and registry fees		(63,409)	(56,615)
Share based payments	6	(350,693)	(1,337,286)
Travel costs		(376,954)	(249,615)
Other expenses from ordinary activities		(459,368)	(381,264)
Loss before income tax expense		(5,433,072)	(4,840,053)
Income tax expense		-	-
Loss after income tax expense for the period		(5,433,072)	(4,840,053)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to owners of Dubber Corporation Limited		(5,433,072)	(4,840,053)
Earnings per share attributable to the owners of Dubber Corporation Limited			
Basic loss per share		(6.66)	(7.60)
Diluted loss per share		(6.66)	(7.60)

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		5,257,847	2,563,767
Trade and other receivables	2	1,414,986	473,415
Total Current Assets		6,672,833	3,037,182
Non-Current Assets			
Property, plant and equipment		62,235	50,060
Intangible assets	3	8,173,163	8,943,717
Total Non-Current Assets		8,235,398	8,993,777
Total Assets		14,908,231	12,030,959
LIABILITIES			
Current Liabilities			
Trade and other payables		1,812,708	976,036
Provisions		240,250	166,125
Loans and borrowings	4	1,130,000	-
Total Current Liabilities		3,182,958	1,142,161
Total Liabilities		3,182,958	1,142,161
NET ASSETS		11,725,273	10,888,798
EQUITY			
Issued capital	5	30,896,086	25,455,700
Reserves		6,364,390	5,535,229
Accumulated losses		(25,535,203)	(20,102,131)
TOTAL EQUITY		11,725,273	10,888,798

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016	25,455,700	5,535,229	(20,102,131)	10,888,798
Loss after income tax expense for the period	-	-	(5,433,072)	(5,433,072)
Total comprehensive loss for the period	-	-	(5,433,072)	(5,433,072)
Transactions with owners in their capacity as owners:				
Securities issued during the period	6,295,303	-	-	6,295,303
Capital raising costs	(854,917)	-	-	(854,917)
Cost of share based payments	-	829,161	-	829,161
Balance at 31 December 2016	30,896,086	6,364,390	(25,535,203)	11,725,273
Balance at 1 July 2015 (Restated)				
	17,637,006	5,252,839	(10,801,476)	12,088,369
Loss after income tax expense for the period	-	-	(4,840,053)	(4,840,053)
Total comprehensive loss for the period	-	-	(4,840,053)	(4,840,053)
Transactions with owners in their capacity as owners:				
Securities issued during the period	7,403,438	(1,543,489)	-	5,859,949
Capital raising costs	(301,244)	-	-	(301,244)
Cost of share based payments	-	1,337,286	-	1,337,286
Balance at 31 December 2015 (Restated)	24,739,200	5,046,636	(15,641,529)	14,144,307

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Receipts from customers	207,228	172,672
Payments to suppliers and employees	(4,247,588)	(2,925,236)
Interest received	8,771	5,720
Interest and other finance costs paid	(46,887)	(578)
Net cash outflows used in operating activities	(4,078,476)	(2,747,422)
Cash flows from investing activities		
Purchase of plant and equipment	(21,506)	(3,834)
Payment of security bond	(190,000)	(110,000)
Loans to other entities	-	(34,611)
Net cash outflows used in investing activities	(211,506)	(148,445)
Cash flows from financing activities		
Proceeds from issue of shares	6,295,303	5,738,949
Payment of share issue costs	(441,317)	(301,244)
Proceeds from borrowings	1,130,000	-
Net cash provided by financing activities	6,983,986	5,437,705
Net increase in cash held	2,694,004	2,541,838
Cash and cash equivalents at the beginning of the period	2,563,767	1,697,415
Effect of exchange rate changes on cash	76	-
Cash and cash equivalents at the end of the period	5,257,847	4,239,253

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

1. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Dubber Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2011*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

There were no new standards issued since 30 June 2016 that have been applied by the Company. The 30 June 2016 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2016.

Restated 31 December 2015 statement of changes in equity

On 27 February 2015, the Company acquired 100% of the issued shares of Medulla Group Pty Ltd. Medulla Group Pty Ltd owns 100% of Dubber Pty Ltd the operating entity of the Dubber technology suite. At 30 June 2015, provisional accounting was applied to the fair value of the identifiable assets and liabilities acquired. At 30 June 2016, as a result of finalisation of the subsidiary's position an adjustment had been made to recognise the deferred tax liability on the intellectual property acquired offset by the deferred tax asset on the subsidiary's tax losses with a comparative increase in goodwill of \$2,008,734 and income tax benefit of \$2,008,734. Accumulated losses at 31 December 2015 was restated from \$17,650,263 to \$15,641,529.

2. TRADE AND OTHER RECEIVABLES

	31 December 2016 \$	30 June 2016 \$
Current		
Trade receivables	91,608	53,425
GST recoverable	192,483	83,276
Receivable from Medulla Group Pty Ltd vendors	140,977	140,977
Prepayments	251,824	146,096
Other receivables	738,094	49,641
	<u>1,414,986</u>	<u>473,415</u>

Prepayments at 31 December 2016 include share based payments of \$64,868 for future capital raising costs (note 6).

Other receivables at 31 December 2016 include the following:

- \$150,000 security deposit for expenses incurred under the R&D Tax Prepayment Loan Agreement with R&D Capital Partners Pty Ltd; and
- \$537,377 held in trust for the repayment of additional research and development tax incentive received during the period and included in Trade and Other Payables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 December 2016 \$	30 June 2016 \$
3. INTANGIBLE ASSETS		
Dubber intellectual property – at cost	8,483,031	8,483,031
Less: Accumulated amortisation	<u>(2,318,602)</u>	<u>(1,548,048)</u>
	6,164,429	6,934,983
Goodwill	<u>2,008,734</u>	2,008,734
Net carrying amount	<u><u>8,173,163</u></u>	<u><u>8,943,717</u></u>
Reconciliation		
Balance at the beginning of the period	8,943,717	
Amortisation expense	<u>(770,554)</u>	
Net carrying amount at the end of the period	<u><u>8,173,163</u></u>	

4. LOANS AND BORROWINGS

Current		
R&D tax prepayment loan	<u>1,130,000</u>	-

The Company entered into a R&D tax prepayment loan agreement with R&D Capital Partners Pty Ltd for \$1,130,000, repayable upon receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2016. Interest is fixed at 1.25% per month payable monthly. The loan is secured by a first ranking charge over the assets of the Company except the Dubber intellectual property, registered on the Personal Property Securities Register.

5. ISSUED CAPITAL

	31 December 2016 \$	30 June 2016 \$
(a) Issued and paid up capital		
Ordinary shares - fully paid	<u>30,896,086</u>	25,455,700
(b) Movement in ordinary shares on issue		
<i>Ordinary shares – fully paid</i>	Number	\$
Balance at the beginning of the period	79,929,426	25,455,700
Issued on exercise of options	600,000	150,000
Issued pursuant to placement	14,631,674	6,145,303
Share issue costs		<u>(854,917)</u>
Balance at the end of the period	<u>95,161,100</u>	<u>30,896,086</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

6. SHARE BASED PAYMENTS

During the half-year period, the following share based payments were incurred:

	Value per Share/Option	Number	Value \$
Value of performance shares, offered but unissued shares and employee options previously issued, as disclosed in the 30 June 2016 annual report, expensed during the half-year period			279,427
Shares formally offered to employees as incentives during the period, vesting and issuable on:			
1 March 2017	\$0.4500	325,000	146,250
1 March 2018	\$0.4500	325,000	146,250
1 March 2019	\$0.4500	325,000	146,250
Less value of offered but unissued employee shares not vested at 31 December 2016			(383,124)
Unlisted options exercisable at \$0.40 each on or before 31 March 2020, issued as incentives to employees during the period, vesting on:			
1 March 2017	\$0.2751	350,000	96,285
1 March 2018	\$0.2751	350,000	96,285
1 March 2019	\$0.2751	350,000	96,285
Less value of employee options not vested at 31 December 2016			(273,215)
Expensed during the period			<u>350,693</u>
Unlisted options exercisable at \$0.60 each on or before 27 January 2019, agreed to be issued to consultants and vesting during the period as capital raising costs	\$0.2068	2,000,000	413,600
Unlisted options exercisable at \$0.80 each on or before 27 January 2020, agreed to be issued to consultants during the period, vesting subject to future capital raising activity	\$0.2292	2,000,000	458,400
Less value of consultant options not vested at 31 December 2016			<u>(393,532)</u>
Prepaid expenses at 31 December 2016			64,868
			<u><u>829,161</u></u>

The unlisted options issued to employees for nil consideration were valued using a Black-Scholes model with an underlying share price of \$0.42, volatility of 100% and an interest rate of 2.04%.

The unlisted options exercisable at \$0.60 each, agreed to be issued as capital raising costs to consultants for nil consideration, were valued using the Black-Scholes model with an underlying share price of \$0.45, volatility of 100% and an interest rate of 1.76%.

The unlisted options exercisable at \$0.80 each, agreed to be issued as future capital raising costs to consultants for nil consideration, were valued using the Black-Scholes model with an underlying share price of \$0.45, volatility of 100% and an interest rate of 1.82%.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

7. SEGMENT INFORMATION

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

The Group is managed primarily on the basis that it has only one main operating segment. The Group's sole continuing operation is the Dubber technology suite. All the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these financial statements.

	Corporate \$	Technology \$	Total \$
Half-year Ended 31 December 2016			
Revenue	3,479	232,770	236,249
Result (Loss)	(1,133,329)	(4,299,743)	(5,433,072)
Acquisition of non-current assets	-	21,506	21,506
Amortisation	-	(770,554)	(770,554)
Depreciation of non-current assets	-	(9,331)	(9,331)
Service platform costs	-	(1,375,596)	(1,375,596)
Total assets	5,136,039	9,772,192	14,908,231
Total liabilities	(322,421)	(2,860,537)	(3,182,958)
Intangible assets	-	8,173,163	8,173,163
Half-year Ended 31 December 2015			
Revenue	5,719	233,849	239,568
Result (Loss)	(2,093,893)	(2,746,160)	(4,840,053)
Acquisition of non-current assets	-	3,834	3,834
Amortisation	-	(466,497)	(466,497)
Depreciation of non-current assets	(172)	(2,802)	(2,974)
Service platform costs	-	(843,113)	(843,113)
Share based payments	(1,337,286)	-	(1,337,286)
As at 30 June 2016			
Total assets	2,211,912	9,819,047	12,030,959
Total liabilities	(256,818)	(885,343)	(1,142,161)
Intangible assets	-	8,943,717	8,943,717

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

8. DIVIDENDS

There have been no dividends declared or recommended and no distribution made to shareholders or other persons during the period.

9. COMMITMENTS

There has been no change in commitments since the last annual reporting date.

10. CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at the date of this report.

11. RELATED PARTIES

Transactions with related parties are consistent with those disclosed in the 30 June 2016 annual report.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short term nature, the carrying amount of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

13. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than the Company issued the following options that were agreed to and accounted for during the half-year (note 6):

- 2,000,000 unlisted options expiring 27 January 2019, exercisable at \$0.60 each, and
- 2,000,000 unlisted options expiring 27 January 2020, exercisable at \$0.80 each.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

14. OUTSTANDING PERFORMANCE SHARES

Following is a summary of the outstanding performance shares issued to the vendors of Medulla Group Pty Ltd and the vendor's advisors and management performance shares, on issue at the completion of the prospectus offer and acquisition of the Dubber technology suite on 27 February 2015.

	Performance Shares on issue at 27/02/15	Performance Shares on Issue During the Half-Year			
		Balance on Issue at 01/07/16	Converted into Fully Paid Ordinary Shares	Forfeited	Balance on Issue at 31/12/16
Performance Shares Issued to Vendors:					
Milestone 1	-	-	-	-	-
Milestone 2	3,892,127	-	-	-	-
Milestone 3	6,657,587	6,657,586	-	-	6,657,586
Milestone 4	6,657,586	6,657,586	-	-	6,657,586
Performance Shares Issued to Vendor's Advisors:					
Milestone 1	-	-	-	-	-
Milestone 2	204,848	-	-	-	-
Management Performance Shares:					
Milestone 1	1,000,000	-	-	-	-
Milestone 2	1,000,000	1,000,000	-	-	1,000,000
Milestone 3	1,000,000	1,000,000	-	-	1,000,000
Milestone 4	1,000,000	1,000,000	-	-	1,000,000
	21,412,148	16,315,172	-	-	16,315,172

Each performance share converts into one fully paid ordinary share for nil cash consideration, upon the achievement of the performance based milestones listed below.

Performance Shares issued to Vendors and Vendor's Advisors

Milestone 1: The Company attaining 1,000 paying end users (milestone achieved on 29 October 2014)

Milestone 2: The Company attaining 3,000 paying end users (milestone achieved on 2 September 2015)

Milestone 3: The Company attaining 100,000 paying end users (milestone expires on 27 May 2017)

Milestone 4: The business operated by the Company breaking even, based on cash received versus cash paid over a rolling 3 month period. If this milestone is achieved, then Milestone 3 will be deemed achieved (milestone expires on 27 May 2017)

Management Performance Shares

Milestone 1: Upon all of the following being achieved:

- enter into 1 Australian re-seller agreement for the Dubber technology suite;
 - enter into re-seller and deployment partner agreement for the Dubber technology suite;
 - enter into a re-seller integration partner agreement with 1 Australian based telecommunications Carrier for the Dubber technology suite; and
 - enter into a partner agreement with a technology company which will assist with establishing a re-seller/integration agreement for the Dubber technology suite in a jurisdiction outside of Australia.
- (milestone achieved on 14 September 2015)

Milestone 2: Achieving \$30,000 (ex GST) in billed monthly revenue via channel (milestone expires 27 May 2017)

Milestone 3: Achieving \$100,000 (ex GST) in billed monthly revenue via channel (milestone expires 27 May 2017)

Milestone 4: The Company breaking even, based on EBITDA over a rolling 3 month period. If this milestone is achieved, then Milestones 1, 2 and 3 will be deemed achieved (milestone expires 27 May 2017)

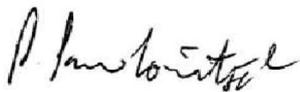
DIRECTORS' DECLARATION

In the opinion of the directors of Dubber Corporation Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Peter Pawlowitsch
Chairman

Melbourne, 28 February 2017

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF DUBBER CORPORATION LIMITED

As lead auditor for the review of Dubber Corporation Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dubber Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dubber Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Dubber Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Dubber Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dubber Corporation Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in blue ink. The signature consists of the letters 'BDO' in a blocky, uppercase font, followed by 'J Prue' in a cursive, lowercase font.

Jarrad Prue
Director

Perth, 28 February 2017

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