

28 February 2017

Australian Securities Exchange  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

## **APPENDIX 4D AND FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

Please find attached Appendix 4D – Half-Year Report and the Company's Half-Year Financial Report for the period ended 31 December 2016.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and accordingly the financial report should be read in conjunction with the annual financial report for the year ended 30 June 2016.

The financial report for the half-year ended 31 December 2016 incorporates a review of operations during the period.

### **By Order of the Board**

For further information contact:

Loren King  
**Company Secretary**

Wangle Technologies Limited  
Tel: (+61 8) 6489 1600  
[info@wan.gl](mailto:info@wan.gl)

## APPENDIX 4D

for the half-year ended 31 December 2016

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### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from Ordinary Activities:	83,260
Previous Corresponding Period:	31,254
Percentage Change:	166%

Net Loss Attributed to Members:	(923,118)
Previous Corresponding Period:	(647,910)
Percentage Change:	42%

Net Comprehensive Loss Attributed to Members:	(939,229)
Previous Corresponding Period:	(647,910)
Percentage Change:	45%

There is no proposal to pay a dividend.

Net Tangible Assets/Liabilities Per Security:	0.0051
Previous Corresponding Period:	0.0102

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# Wangle Technologies™

ACN 096 870 978

## **INTERIM** FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

[WWW.WANGLETECHNOLOGIES.COM.AU](http://WWW.WANGLETECHNOLOGIES.COM.AU)

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# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

Mr Jonathon Wild  
Mr Sean Smith  
Mr James Robinson

Non-Executive Chairman  
Managing Director and Chief Executive Officer  
Non-Executive Director

## REGISTERED OFFICE

Suite 9, 330 Churchill Avenue  
Subiaco WA 6008  
AUSTRALIA

## PRINCIPAL PLACE OF BUSINESS

Suite 9, 330 Churchill Avenue  
Subiaco WA 6008  
AUSTRALIA

## POSTAL ADDRESS

PO Box 866  
Subiaco WA 6904  
AUSTRALIA

## CONTACT INFORMATION

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+61 8 6489 1601 (Facsimile)  
[info@wan.gl](mailto:info@wan.gl)

[www.wangletechnologies.com](http://www.wangletechnologies.com)  
[www.wan.gl](http://www.wan.gl) (Wangle App)

## EXCHANGE

**Australian Securities Exchange (ASX)**  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

**ASX Code:** WGL

## AUDITORS

**Pitcher Partners Corporate & Audit (WA) Pty Ltd**  
Level 1, 914 Hay Street  
Perth WA 6000  
AUSTRALIA

## LAWYERS

**Steinepreis Paganin**  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000  
AUSTRALIA

## SHARE REGISTRY

**Security Transfer Registrars**  
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Suite 1, 770 Canning Highway  
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AUSTRALIA

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# DIRECTORS' REPORT

The directors of Wangle Technologies Limited (**ASX: WGL**) (**Company** or **Wangle**) and its controlled entities (**Group**), for the half-year ended 31 December 2015 and the auditor's review report thereon. This report has been prepared in accordance with AASB 134 Interim Financial Reporting.

## DIRECTORS

The names and particulars of the directors of the Company in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

The Directors of the Company during the half-year and up to the date of this report are:

Mr Jonathon Wild (Non-Executive Chairman, appointed 20 February 2017)  
Mr Sean Smith (Managing Director and Chief Executive Officer, appointed 25 January 2017)  
Mr James Robinson (Non-Executive Director, appointed 25 January 2017)  
Mr Andrew Haythorpe (Non-Executive Chairman, resigned 20 February 2017)  
Mr Cameron Worth (Executive Director, resigned 20 February 2017)  
Mr Keaton Wallace (Non-Executive Director, resigned 25 January 2017)  
Mr Jason Gitmans (Managing Director, resigned 25 January 2017)

## OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2016 of \$923,118 (31 December 2015: \$647,910 loss).

## REVIEW OF OPERATIONS

### WANGLE APP

On 27 July 2016, the Company announced that it had lodged a patent for its latest technology which can identify shifting patterns in network traffic in real-time, and recognise changes in behavioural patterns of online usage. This intelligence can be used for advanced analytics and diagnostics, as well enabling real time alerts where concerning changes are identified.

A combination of components make up the newly patented technology including creating network data summaries by platform and endpoint, mapping data summaries to applications and sessions, identifying session patterns and alerting concerned parties of variances from established behavioural baselines.

This developed technology allows Wangle to expand its VPN network offering and open up a new vertical of revenue for the Company via data gathering, analysis and real time responses to behavioural changes in network data, furthering its competitive advantage prior to release.

On 24 August 2016, the Company confirmed that the Wangle App is operating and stable having completed the re-engineering required to comply with the interim data retention and interception requirements, providing the foundation for full compliance.

The Company further confirmed that the Wangle App would launch as a free download on Google Play for Android users and via the Apple App Store for iOS users, targeting an initial 500,000 subscribers once bug releases and warranty periods had expired. App releases in October and December 2016 served as beta releases prior to anticipated full app release in the third quarter.

On 30 August 2016, the Company announced that it had signed a 3-year collaboration agreement with Telethon Kids Institute, one of Australia's largest and most successful medical research organisations. The collaboration enables discussions for and discovery of practical applications of Wangle technology outside of its core capability.

On 9 November 2016, the Company announced that it has provisioned a Wangle VPN infrastructure in Brisbane. The Company's new Queensland presence has been made available to all customers and further bolsters the national footprint of Wangle VPN servers.

On 18 November 2016, the Company sought a voluntary suspension from trading as it sought to have the compliance measures required to satisfy ACMA and CAC recognised by the Apple and Android app stores. The trading halt ceased once both stores re-opened access to Wangle on 13 January 2017, having acknowledged Wangle's compliance requirements had been met.

## CHANGES TO SECURITIES

On 29 September 2016, the Company issued a further 2,000,000 fully paid ordinary shares arising on the conversion of options in the Company to raise a total of \$50,000.

On 10 November 2016, the Company announced that it had issued:

- (a) 1,400,000 Fully Paid Ordinary Shares to employees for services provided to the Company and retention/incentive purposes;
- (b) 2,000,000 unquoted Options exercisable at \$0.05 each on or before 31 December 2017 to the Company Secretary for services provided to the Company and retention/incentive purposes;
- (c) 23,500,000 fully paid ordinary shares issued on conversion of 11,750,000 Class A and 11,750,000 Class B Performance Shares as detailed in the Company's 22 December 2015 Prospectus. The ordinary shares issued on conversion will be escrowed until 26 February 2018; and
- (d) 38,700,000 fully paid ordinary shares issued on conversion of 19,350,000 Class A and 19,350,000 Class B Performance Shares detailed in the Company's 22 December 2015 Prospectus. The ordinary shares issued on conversion will be escrowed until 26 February 2017.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

### BOARD CHANGES

On 25 January 2017, Mr Sean Smith was appointed as Managing Director and Chief Executive Officer of the Company along with Mr James Robinson, who was appointed as a Non-Executive Director. Concurrently, Messrs Keaton Wallace and Jason Gitmans retired from the Board.

On 20 February 2017, Mr Jonathon Wild was appointed to the Board as Non-Executive Chairman. Messrs Andrew Haythorpe and Cameron Worth also retired at this time.

### CHANGES TO SECURITIES

On 20 February 2017, 135,450,000 Fully Paid Ordinary Shares and 19,350,000 Class C Performance Shares were released from escrow. The release from escrow for these Performance Shares does not trigger conversion into Fully Paid Ordinary Shares. The milestone to conversion remains outstanding and the Performance Shares will remain unvested. Instead, the Performance Shares will remain an

unlisted class until the conversion milestone hurdle has been met. For further details on the milestone hurdles please refer to the Company's 2015 Prospectus.

An additional 38,700,000 Fully Paid Ordinary Shares were released from escrow on 27 February 2017.

### RESEARCH & DEVELOPMENT TAX OFFSET

On 27 February 2017, the Company announced that it had lodged claims for refundable offsets under the Federal Government's Research and Development (**R&D**) Tax Incentive Scheme.

Tax Advisor Maxim Hall Chadwick Pty Ltd assisted Wangle in identifying circa \$1.6M in eligible expenditure within the 2016 financial year. Under the R&D Scheme, 45% of this eligible expenditure can be claimed as refunds, which are to be paid as cash. These refunds can be expected to be received in the coming weeks totalling \$739,000.

The refunds will boost Company capital reserves and support upcoming operational and marketing investment as the Company shifts focus to refine, commercialise and grow its revolutionary Wangle VPN network and associated products.

Other than as referred to elsewhere in this consolidated half-year report there are no other matters or circumstances that have arisen since 31 December 2016 that may significantly affect operations, results or state of affairs of the Group in future financial years.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 7 of this report.

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



**Mr Jonathon Wild**  
Chairman

Perth, Western Australia this 28<sup>th</sup> day of February 2017.

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**AUDITOR'S INDEPENDENCE DECLARATION**

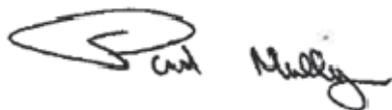
**TO THE DIRECTORS OF WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES**

In relation to the independent review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

*Pitcher Partners Corporate & Audit (WA) Pty Ltd*

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD



PAUL MULLIGAN  
Executive Director  
Perth, WA  
28 February 2017

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF WANGLE TECHNOLOGIES AND ITS CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of Wangle Technologies Limited (the "Company") and its controlled entities (together the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the period's end or from time to time during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Group 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 ASRE2410 *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 not become aware of any matter that makes us believe that the 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 Wangle Technologies 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.

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## Independence

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

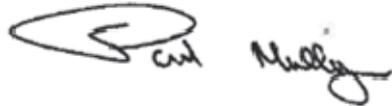
## Conclusion

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 Wangle Technologies Limited (the "Company") and its controlled entities is not in accordance with the *Corporations Act 2001* including:

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

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT PTY LTD



PAUL MULLIGAN  
Executive Director  
Perth, WA  
28 February 2017

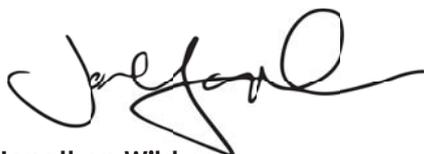
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# DIRECTORS' DECLARATION

The Directors of Wangle Technologies Limited declare that:

1. the financial statements and accompanying notes, as set out on pages 11 to 20 are in accordance with the *Corporations Act 2001*, and:
  - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Mr Jonathon Wild**

Chairman

Perth, Western Australia this 28<sup>th</sup> day of February 2017

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2016

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
<b>Continuing operations</b>		
Revenue	44,209	-
Interest income	39,051	31,254
Research and development costs, materials and consultants	(203,115)	(172,489)
Directors' fees, salaries, superannuation and consulting costs	(461,464)	(90,000)
Depreciation expenses	(11,915)	(1,943)
Public company costs, fees, share registry, shareholder costs	(52,978)	(159,188)
Occupancy costs	(26,710)	-
Legal fees	(33,888)	(166,880)
Audit fees	(14,312)	(10,646)
Insurances	(5,323)	(3,833)
Interest expenses	(7,140)	(544)
Foreign exchange expense	2,262	-
Other expenses from ordinary activities	(83,251)	(31,599)
Corporate fees	(65,401)	(42,041)
Share Based Payments	(43,143)	-
<b>Loss before income tax expense</b>	<b>(923,118)</b>	<b>(647,910)</b>
Income tax (benefit)/expense	-	-
<b>Loss for the year from continuing operations</b>	<b>(923,118)</b>	<b>(647,910)</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	(939,229)	(647,910)
Loss attributable to non-controlling interests	16,111	-
	<b>(923,118)</b>	<b>(647,910)</b>
<b>Loss per share</b>		
<i>From continuing operations</i>		
Basic and diluted loss per share (cents per share)	(0.001)	(0.001)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
<b>Current assets</b>			
Cash and cash equivalents		2,104,913	3,245,569
Trade and other receivables		99,291	240,603
Total current assets		2,204,204	3,486,172
<b>Non-current assets</b>			
Plant and equipment	3	81,631	82,337
Development costs	4	1,856,595	1,195,362
Intellectual property		51,456	29,688
Total non-current assets		1,989,682	1,307,387
<b>Total assets</b>		<b>4,193,886</b>	<b>4,793,559</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		146,863	297,646
Other financial liabilities		-	40,173
Total current liabilities		146,863	337,818
<b>Total liabilities</b>		<b>146,863</b>	<b>337,818</b>
<b>Net assets</b>		<b>4,047,023</b>	<b>4,455,741</b>
<b>Equity</b>			
Issued capital	5	22,761,776	21,102,320
Reserves	6	1,159,271	2,304,326
Accumulated losses		(19,776,532)	(18,837,303)
Non-controlling interest		(97,492)	(113,603)
<b>Total equity</b>		<b>4,047,023</b>	<b>4,455,741</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2016

	Share Capital	Option Premium Reserve	Performance Share Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non-Controlling Interests	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	11,415,813	660,074	-	-	(11,091,188)	-	984,699
Consolidated loss for the year	-	-	-	-	(647,910)	-	(647,910)
<b>Total comprehensive income for the year</b>	-	-	-	-	(647,910)	-	(647,910)
Shares/options issued during the year	5,246,104	-	-	-	-	-	5,246,104
Share/option issue costs	(110,363)	-	-	-	-	-	(110,363)
<b>Balance at 31 December 2015</b>	<b>16,551,554</b>	<b>660,074</b>	<b>-</b>	<b>-</b>	<b>(11,739,098)</b>	<b>-</b>	<b>5,472,530</b>
<b>Balance at 1 July 2016</b>	<b>21,102,320</b>	<b>720,187</b>	<b>1,583,941</b>	<b>198</b>	<b>(18,837,303)</b>	<b>(113,603)</b>	<b>4,455,741</b>
Consolidated loss for the year	-	-	-	-	(939,229)	16,111	(923,118)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(939,229)</b>	<b>16,111</b>	<b>(923,118)</b>
Shares/options issued during the year	510,000	8,143	-	-	-	-	518,143
Shares issued on the acquisition of subsidiary	1,149,456	-	(1,149,456)	-	-	-	-
Foreign currency translation effect	-	-	-	(3,743)	-	-	(3,743)
<b>Balance at 31 December 2016</b>	<b>22,761,776</b>	<b>728,330</b>	<b>434,485</b>	<b>(3,545)</b>	<b>(19,776,532)</b>	<b>(97,492)</b>	<b>4,047,023</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an **integral** part of the final interim report.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2016

	Note	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(988,293)	(691,884)
Receipts from customers		38,679	-
Interest received		39,051	14,070
Interest paid		(7,140)	(544)
Net cash used by operating activities		<b>(917,703)</b>	<b>(678,358)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	3	(11,208)	-
Payments for intangible assets; development costs	4	(661,233)	-
Payments for intangible assets; intellectual property		(21,768)	-
Acquisition of NGN		-	(510,000)
Intercompany Loan (NGN)		-	(380,000)
NGN expenses - development costs		-	(10,932)
Net cash generated by investing activities		<b>(694,209)</b>	<b>(900,932)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	5	475,000	5,246,104
Payments of share issue costs		-	(110,363)
Net cash generated by financing activities		<b>475,000</b>	<b>5,135,741</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		3,245,569	937,776
Foreign exchange effects		(3,743)	-
<b>Cash and cash equivalents at the end of the year</b>		<b>2,104,914</b>	<b>4,494,226</b>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

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# NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2016

## 1. REPORTING ENTITY

Wangle Technologies Limited (**Company**) is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2016 covers the consolidated group of Wangle Technologies Limited and its controlled entities (together referred to as the "consolidated entities" or "Group").

## 2. BASIS OF PREPARATION

### 2.1. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Standards IAS 34 Interim Financial Reporting. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, this financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Wangle Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements.

### 2.2. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016.

### 2.3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not yet been adopted early by the Group. The new standards, amendments and interpretations that may be relevant to the Group's financial statements are provided below.

<b>Standard / Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>
AASB 9 <i>Financial Instruments</i> and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2018
AASB 15 <i>Revenue from contracts with customers</i> AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2018

## 2.4. GOING CONCERN

The consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2016 of \$923,118 (31 December 2015: \$647,910 loss), and a net cash outflow from operations of \$917,703 (31 December 2015: \$678,358 outflow). At 31 December 2016, the Group has net current assets of \$2,057,341 (30 June 2016: \$3,148,354) and net equity of \$4,047,023 (30 June 2016: \$4,455,741 net equity).

The Directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

The financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statements may have to be prepared on a different basis and, if so, the basis used is disclosed.

## 3. PROPERTY, PLANT AND EQUIPMENT

	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
Plant and equipment at cost	347,120	347,120
Accumulated depreciation and impairment	(343,483)	(343,075)
	<u>3,637</u>	<u>4,045</u>
Motor vehicles at cost	85,972	85,972
Accumulated depreciation	(75,577)	(74,411)
	<u>10,395</u>	<u>11,561</u>
Office equipment at cost	65,934	70,624
Accumulated depreciation	(64,596)	(64,596)
	<u>1,338</u>	<u>6,028</u>
Office furniture at cost	20,995	20,995
Accumulated depreciation	(18,332)	(18,032)
	<u>2,664</u>	<u>2,963</u>
Computer - at cost	79,611	63,711
Accumulated depreciation	(16,013)	(5,971)
	<u>63,598</u>	<u>57,740</u>
Total accumulated depreciation and impairment	<u>81,631</u>	<u>82,337</u>

### 3.1. MOVEMENT IN CARRYING AMOUNTS:

	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Office Furniture \$	Computer Equipment \$	Total \$
Carrying amount at 30 June 2015	4,997	14,280	-	-	-	19,277
Acquisitions	-	-	6,028	3,004	63,712	72,744
Depreciation expense	(952)	(2,719)	-	(42)	(5,971)	(9,683)
Carrying amount at 30 June 2016	4,045	11,561	6,028	2,963	57,741	82,337
Acquisitions/(disposals)	-	-	(4,691)	-	15,899	11,208
Depreciation expense	(408)	(1,166)	-	(299)	(10,042)	(11,915)
Carrying amount at 31 Dec 2016	3,637	10,395	1,338	2,664	63,598	81,631

### 4. CAPITALISED DEVELOPMENT COSTS

	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
Opening balance	1,195,362	-
Software development costs capitalised during the period	661,233	1,195,362
Closing Balance	1,856,595	1,195,362

In relation to the current organisational structure of Wangle Technologies Limited and its consolidated entities, funding requirements at subsidiary level are supported through intercompany loans from the parent company. Funds transferred to the Australian based subsidiary company (Wangle Operations Pty Ltd) are in accordance with the operation budget of the Group. The operation budget has been prepared in consultation with the board of directors and key management personal. Funds are sent through a cash call process which complements the operation budget. Expenditure incurred at subsidiary level is primarily development costs associated with the Wangle App and as a result expenditure is capitalised.

### 5. ISSUED CAPITAL

	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
800,344,168 fully paid ordinary shares (30 June 2016: 717,744,168)	22,761,776	21,102,320

#### 5.1. FULLY PAID ORDINARY SHARES

	As at 31 Dec 2016		As at 30 Jun 2016	
	No.	\$	No.	\$
Balance at beginning of period	717,744,168	21,102,320	325,000,000	11,415,813
Conversion of options	19,000,000	475,000	209,844,168	5,255,656
Prospectus placement \$0.05	-	-	200,000	10,000
Acquisition - A Class shares	-	-	182,700,000	4,557,948
Share issue costs	-	-	-	(137,097)
Placement to employees	1,400,000	35,000	-	-
Conversion of Performance Shares	62,200,000	1,149,456	-	-
Balance at end of period	800,344,168	22,761,776	717,744,168	21,102,320

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

## 5.2. SHARE OPTIONS ON ISSUE

Share options issued by the Company carry no rights to dividends and no voting rights.

As at 31 December 2016, the Company has:

- 43,034,867 unlisted share options on issue (June 2016: 62,034,867) exercisable on a 1:1 basis for 43,034,867 shares (June 2016: 99,019,734) at an exercise price of \$0.025 cents on a post-consolidation basis. The options expire on 31 August 2018;
- 5,000,000 unlisted share options on issue (June 2016: 5,000,000) exercisable on a 1:1 basis for 5,000,000 shares (June 2016: 5,000,000) at an exercise price of \$0.075 cents on a post-consolidation basis. The options expire on 31 August 2018;
- 5,000,000 unlisted share options on issue (June 2016: 5,000,000) exercisable on a 1:1 basis for 5,000,000 shares (June 2016: 5,000,000) at an exercise price of \$0.10 cents on a post-consolidation basis. The options expire on 31 August 2018; and
- 5,000,000 unlisted share options on issue (June 2016: 5,000,000) exercisable on a 1:1 basis for 5,000,000 shares (June 2016: 5,000,000) at an exercise price of \$0.15 cents on a post-consolidation basis. The options expire on 31 August 2018.
- 2,000,000 unlisted share options on issue (June 2016: NIL) exercisable on a 1:1 basis for 2,000,000 shares (June 2016: NIL) at an exercise price of \$0.05 cents on a post-consolidation basis. The options expire on 31 December 2017.

## 6. RESERVES

	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
Option reserve balance at beginning of period	720,187	660,074
Options issued during the period	8,143	60,113
Option reserve balance at end of the financial period	<u>728,528</u>	<u>720,187</u>

The reserve arises on the grant of share options to executives, employees, consultants and advisors. They also arise upon issue of options to shareholders or buyers. Amounts are transferred out of reserve and into accumulated losses when options expire or lapse.

	As at 31 Dec 2016 \$	As at 30 Jun 2016 \$
Performance share reserve balance at beginning of period	1,583,941	-
Performance share issued during the period	(1,149,456)	1,583,941
Performance share reserve balance at end of the financial period	<u>434,485</u>	<u>1,583,941</u>

The reserve arises on the on the grant of performance shares to A Class Share vendors, consultants and advisors. As at 31 December 2016, 62,200,000 of the Company's performance shares had been issued. Amounts will be transferred out of reserve and into accumulated losses when performance shares expire or lapse.

## 7. SHARE OPTIONS

Each option issued converts into one ordinary share of Wangle Technologies Limited on exercise. Options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

### 7.1. MOVEMENTS IN SHARE OPTIONS DURING THE YEAR

The following reconciles the share options outstanding at the beginning and end of the year:

	As at 31 Dec 2016 \$		As at 30 Jun 2016 \$	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the period	77,034,867	0.041	275,000,000	0.025
Granted during the period	2,000,000	0.050	15,000,000 <sup>(i)</sup>	0.108
Exercised during the period	(19,000,000)	0.025	(209,844,168)	0.025
Expired during the period	-	-	(3,120,965)	0.025
Balance at end of the period	60,034,867	0.047	77,034,867	0.041
Exercisable at end of the period	60,034,867	0.047	77,034,867	0.041

(i) Options issued as consideration for advisory and investor relations services

## 8. EVENTS AFTER THE REPORTING PERIOD

### BOARD CHANGES

On 25 January 2017, Mr Sean Smith was appointed as Managing Director and Chief Executive Officer of the Company along with Mr James Robinson, who was appointed as a Non-Executive Director. Concurrently, Messrs Keaton Wallace and Jason Gitmans retired from the Board.

On 20 February 2017, Mr Jonathon Wild was appointed to the Board as Non-Executive Chairman. Messrs Andrew Haythorpe and Cameron Worth also retired at this time.

### CHANGES TO SECURITIES

On 20 February 2017, 135,450,000 Fully Paid Ordinary Shares and 19,350,000 Class C Performance Shares released from escrow. The release from escrow for these Performance Shares does not trigger conversion into Fully Paid Ordinary Shares. The milestone to conversion remains outstanding and the Performance Shares will remain unvested. Instead, the Performance Shares will remain an unlisted class until the conversion milestone hurdle has been met. For further details on the milestone hurdles please refer to the Company's 2015 Prospectus.

An additional 38,700,000 Fully Paid Ordinary Shares were released from escrow on 27 February 2017.

### RESEARCH & DEVELOPMENT TAX OFFSET

On 27 February 2017, the Company announced that it had lodged claims for refundable offsets under the Federal Government's Research and Development (R&D) Tax Incentive Scheme.

Tax Advisor Maxim Hall Chadwick Pty Ltd assisted Wangle in identifying circa \$1.6M in eligible expenditure within the 2016 financial year. Under the R&D Scheme, 45% of this eligible expenditure

can be claimed as refunds, which are to be paid as cash. These refunds can be expected to be received in the coming weeks totalling \$739,000.

The refunds will boost Company capital reserves and support upcoming operational and marketing investment as the Company shifts focus to refine, commercialise and grow its revolutionary Wangle VPN network and associated products.

Other than as referred to elsewhere in this consolidated half-year report there are no other matters or circumstances that have arisen since 31 December 2016 that may significantly affect operations, results or state of affairs of the Group in future financial years.

Other than as referred to elsewhere in this consolidated half-year report there are no other matters or circumstances that have arisen since 31 December 2016 that may significantly affect operations, results or state of affairs of the Group in future financial years.

## **9. SEGMENT INFORMATION**

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

The Group operates primarily in development of the Wangle Application. The financial information presented in the consolidated statement of comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

## **10. RELATED PARTY TRANSACTIONS**

The immediate parent and ultimate controlling party of the Group is Wangle Technologies Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.