

**28 February 2018**

Australian Securities Exchange (**ASX**)  
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 2017**

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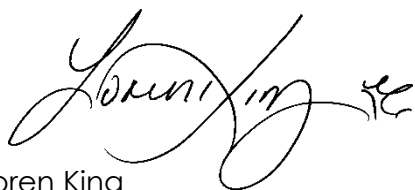
Please find attached the Company's Appendix 4D, Half-Year Report and Accounts for the period ended 31 December 2017 (**Report**).

The 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 2017.

The Half-Year Report incorporates a review of operations during the period.

**- ENDS -**

By Order of the Board:



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 2017

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

|   |             |
|---|-------------|
| Revenue from Ordinary Activities:             | 1,205,076   |
| Previous Corresponding Period:                | 83,260      |
| Percentage Change:                            | 1448.30%    |
| Net Loss Attributed to Members:               | (3,772,940) |
| Previous Corresponding Period:                | (923,118)   |
| Percentage Change:                            | 408.72%     |
| Net Comprehensive Loss Attributed to Members: | (3,772,940) |
| Previous Corresponding Period:                | (939,229)   |
| Percentage Change:                            | 401.71%     |

There is no proposal to pay a dividend.

*Please refer to Operating Results and Review of Operations within the Directors Report for an explanation of the results.*

|   |          |
|---|----------|
| Net Tangible Assets/Liabilities Per Security: | \$0.0008 |
| Previous Corresponding Period:                | \$0.0051 |

*The Independent Auditor's Review Report included an unmodified opinion drawing attention Note 2 in the financial report, which notes matters that indicate a material uncertainty exists that may cast material uncertainty about the Group's ability to continue as a going concern.*

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# Wangle Technologies™

ACN 096 870 978

## **INTERIM FINANCIAL REPORT** FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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

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# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

Mr Jonathon Wild  
Mr Sean Smith  
Prof. Donna Cross  
Mr James Robinson

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

### Automic

Level 2, 267 St Georges Terrace,  
Perth WA 6000  
AUSTRALIA

1300 288 664 (Telephone)

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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 2017 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)
- Mr Sean Smith (Managing Director and Chief Executive Officer)
- Prof. Donna Cross (Non-Executive Director)
- Mr James Robinson (Non-Executive Director)

## OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2017 of \$3,772,940 (31 December 2016: \$923,118 loss).

## REVIEW OF OPERATIONS

On 3 July 2017, the Company announced it had entered into a head of agreement with Constable Care Child Safety Foundation (**CCCSF**) in support of Wangle's child protection software, Wangle Family Insites

CCCSF is one of Australia's most trusted and recognised child safety and cyber safety brands and provides further independent endorsement (alongside the Telethon Kids Institute) of Wangle Family Insite's unique technology and education based approach to solving a global societal issue that threatens the wellbeing of children around the world.

On 10 July 2017, the Company announced it had successfully completed work with Telethon Kids Institute on the robust threat matrix that Wangle Family Insite's App uses to identify potential behavioural threats.

The Company Announced on 1 August 2017, it had recruited renowned Australian cyber safety expert Robyn Treyvaud to head up the cyber education function of the Wangle Family Insites app.

Robyn Treyvaud is a globally recognised expert in online safety and digital citizenship. She is an educational leader with over 40 years of experience in Australia and has worked in Asia as an International Baccalaureate (**IB**) Primary Years Program (**PYP**) workshop leader.

On 10 August 2017, the Company announced closed beta testing of the Wangle Family Insites app had commenced. The ground-breaking parent protection suite utilises behavioural analysis of live mobile network traffic across Wangle's Best in class secure VPN network to help parents identify and manage online risks to their children.

The Company announce on 17 August 2017, that the Company's CEO, Sean Smith, had been invited to speak at the Western Australian Council of State School Organisations Inc. (**WACSSO**) conference.

The WACSSO influences the direction of public education via the views of parents and citizens for the benefit of the students. The annual event is the one time of year public school parents and the education community from across the whole of Western Australia, come together to learn and share experiences about education and the public-school system.

On 27 October 2017, the Company announced the launch of the IOS version of the Company's ground-breaking family protection software suite, Wangle Family Insite.

On 17 November 2017, the Company announced the release of the Android version of the Company's ground-breaking family protection software suite, Wangle Family Insite, to the Google Play store. The product is available via the Apple and Android App stores on a monthly or annual family subscription including a free 30 day trial and will initially target Australia's 6 million families before a planned international expansion.

On the 7 December 2017, the Company announced that the Wangle Family Insites (**WFI**) GPS Gating feature had launched. The WFI GPS Gating feature allows parents to set an alert that activates when a child's device moves outside of a 20-metre radius from chosen location. This new feature completed the Company's short-term development goals for WFI in 2017.

## FINANCIAL UPDATE

On 19 July 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 \$2.7 Million in eligible expenditure within the 2016 / 2017 financial year. Under the R&D Scheme, 43.5% of this eligible expenditure can be claimed as refunds, being circa \$1.2 Million which is to be paid back to the Company as cash.

On 18 October 2017, the Company announced that its lodgement of the 2016/17 Financial Year Research & Development Claim, had returned \$1,198,899 in cash to the Company through the Federal Government's Research and Development Tax Incentive Scheme. These refunds were utilised to implement the marketing plan and purse the successful commercialisation of Wangle Family Insites.

On 23 November 2017, the Company announced that it had entered into a Convertible Loan Agreement with Golden State Capital, Inc, an unrelated party, for an amount up to \$2 Million. The conversion of this loan will be subject to shareholder approval.

The Loan will enable the Company to invest in aggressive brand and customer acquisition strategies for Wangle Family Insites, in preparation for a focus on domestic distribution partnerships and international expansion in 2018.

## CHANGES TO SECURITIES

On 11 December 2017, the Company announced the completion of its Placement of 100,000,000 fully paid ordinary shares at an issue price of \$0.014 per share with a 1 for 2 free attaching option, exercisable at \$0.025 on or before 31 August 2018, to raise \$1,400,000 before costs. The Company is applying to have the Options quoted on ASX, subject to satisfaction of

the ASX Listing Rules. The Company has also issued a further 10,000,000 Options to the Lead Manager of the Placement as detailed in the Company's 5 November 2017 ASX release.

In addition, the Company issued 21,000,000 Director Options as approved by Shareholders at the Company's General Meeting held on 28 November 2017; refer to resolutions 6 to 9 of the Notice of Meeting dated 20 October 2017 for further details. These options are unquoted and exercisable at \$0.10 each on or before 31 August 2018.

## ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' reports and in the financial report have been rounded to the nearest dollar.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 5 December 2017, the Company announced that it was looking to list the 60,000,000 options issued through the \$1.4 million placements subject to the relevant ASX Listing Rule. This process is ongoing at the time of this report.

On 17 January 2018, the Company announced it has entered into a partnership with Western Australia Primary Principals Association (**WAPPA**) in support of its child protection software, Wangle Family Insites. The agreement gives Wangle access to school leaders across WA primary schools to help build awareness and support for Wangle Family Insites. The agreement has also enabled further introductions to equivalent principal associations in other Australian states.

On 13 February 2018, the Company announced that it has entered into a consultancy agreement with Dr Neale Fong, for the purpose of assisting with major partnerships development, and international expansion opportunities for its best in class child protection software, Wangle Family Insites, as well as for assistance introducing new investors to the Company.

On 26 February 2018 the following restricted securities were released from escrow in accordance with ASX Listing Rule 3.10A:

1. 169,350,000 Fully Paid Ordinary Shares;
2. 21,150,000 Class C Performance Shares;
3. 5,000,000 Class D Performance Shares;
4. 14,884,867 Options exercisable at \$0.25 each on or before 31 August;
5. 5,000,000 Options exercisable at \$0.75 each on or before 31 August;
6. 5,000,000 Options exercisable at \$0.10 each on or before 31 August; and
7. 5,000,000 Options exercisable at \$0.15 each on or before 31 August.

On 28 February 2018, the Company executed a mandate seeking to raise \$2,000,000 through the issue of shares. The required Shareholder approvals are being sought at the Company's upcoming General Meeting to be held on 12 March 2018.



## 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.

## 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 8 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 2018.

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**AUDITOR'S INDEPENDENCE DECLARATION**

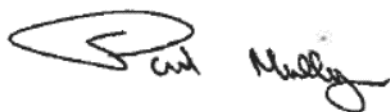
**TO THE DIRECTORS OF WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES**

In relation to the independent review for the half-year ended 31 December 2017, 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 2018

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Wangle Technologies Limited "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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.

*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 gives a true and fair view and 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 Group's financial position as at 31 December 2017 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

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

*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:

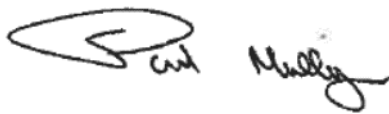
- a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 2.4 in the financial report, which indicates that Wangle Technologies Limited incurred a net loss of \$3,772,940 during the half-year ended 31 December 2017 and, as of that date, a net cash outflow from operating and investing activities of \$1,139,518. These conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

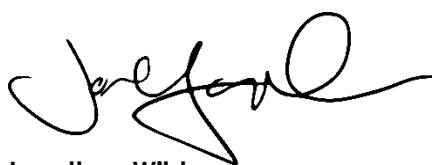


PAUL MULLIGAN  
Executive Director  
Perth, WA  
28 February 2018

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# DIRECTORS' DECLARATION

1. In the opinion of the Directors of Wangle Technologies Limited (**Company**):
  - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
    - i. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half- year then ended; and
    - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2017.



**Mr Jonathon Wild**

Chairman

Perth, Western Australia this 28<sup>th</sup> day of February 2018.

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2017

|   | Half-year<br>ended<br>31 Dec 2017<br>\$ | Half-year<br>ended<br>31 Dec 2016<br>\$ |
|---|---|---|
| <b>Continuing operations</b>                                    |   |   |
| Revenue   | 4,448                                   | 44,209                                  |
| Interest income   | 1,729                                   | 39,051                                  |
| R&D Tax Offset  | 1,198,899                               | -                                       |
| Research and development costs                                  | (889,546)                               | (203,115)                               |
| Directors' fees, salaries, and superannuation                   | (746,167)                               | (461,464)                               |
| Depreciation expenses   | (14,872)                                | (11,915)                                |
| Public company costs  | (37,545)                                | (52,978)                                |
| Occupancy costs   | (53,200)                                | (26,710)                                |
| Legal fees  | (14,541)                                | (33,888)                                |
| Audit fees  | (12,256)                                | (14,312)                                |
| Insurances  | (8,490)                                 | (5,323)                                 |
| Interest expenses   | (10,534)                                | (7,140)                                 |
| Foreign exchange expense  | (17,237)                                | 2,262                                   |
| Other expenses from ordinary activities                         | (162,188)                               | (83,251)                                |
| Corporate fees  | (60,078)                                | (65,401)                                |
| Share Based Payments  | (205,981)                               | (43,143)                                |
| Impairment Expense  | (2,745,381)                             | -                                       |
| <b>Loss before income tax expense</b>                           | <b>(3,772,940)</b>                      | <b>(923,118)</b>                        |
| Income tax (benefit)/expense                                    | -                                       | -                                       |
| <b>Loss for the year from continuing operations</b>             | <b>(3,772,940)</b>                      | <b>(923,118)</b>                        |
| <b>Total comprehensive income for the year attributable to:</b> |   |   |
| Owners of the Company   | (3,772,940)                             | (939,229)                               |
| Loss attributable to non-controlling interests                  | -                                       | 16,111                                  |
|   | <b>(3,772,940)</b>                      | <b>(923,118)</b>                        |
| <b>Loss per share</b>   |   |   |
| Basic and diluted loss per share (cents per share)              | (0.0041)                                | (0.0012)                                |

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.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

|                                  |   | Half-year<br>ended<br>31 Dec 2017<br>\$ | Full-year<br>ended<br>30 Jun 2017<br>\$ |
|----------------------------------|---|---|---|
| <b>Current assets</b>            |   |   |   |
| Cash and cash equivalents        |   | 1,113,134                               | 922,745                                 |
| Trade and other receivables      |   | 140,918                                 | 118,060                                 |
| <b>Total current assets</b>      |   | <b>1,254,052</b>                        | <b>1,040,805</b>                        |
| <b>Non-current assets</b>        |   |   |   |
| Plant and equipment              | 3 | 68,473                                  | 70,535                                  |
| Development costs                | 4 | -                                       | 2,142,210                               |
| Intellectual property            | 4 | -                                       | 51,456                                  |
| <b>Total non-current assets</b>  |   | <b>68,473</b>                           | <b>2,264,201</b>                        |
| <b>Total assets</b>              |   | <b>1,322,525</b>                        | <b>3,305,006</b>                        |
| <b>Liabilities</b>               |   |   |   |
| <b>Current liabilities</b>       |   |   |   |
| Trade and other payables         |   | 525,282                                 | 270,711                                 |
| Provision for leave              |   | 18,053                                  | 18,053                                  |
| <b>Total current liabilities</b> |   | <b>543,335</b>                          | <b>288,764</b>                          |
| <b>Total liabilities</b>         |   | <b>543,335</b>                          | <b>288,764</b>                          |
| <b>Net assets</b>                |   | <b>779,190</b>                          | <b>3,016,242</b>                        |
| <b>Equity</b>                    |   |   |   |
| Issued capital                   | 5 | 27,067,415                              | 25,765,103                              |
| Reserves                         | 6 | 737,883                                 | 1,175,547                               |
| Accumulated losses               |   | (27,026,108)                            | (23,924,408)                            |
| <b>Total equity</b>              |   | <b>779,190</b>                          | <b>3,016,242</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.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2017

|  | Share<br>Capital<br>\$ | Option<br>Premium<br>Reserve<br>\$ | Performance<br>Share<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Non-<br>Controlling<br>Interests<br>\$ | Total<br>\$        |
|--|------------------------|------------------------------------|---------------------------------------|---|-----------------------------|--|--------------------|
| <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>(939,229)</b>            | <b>16,111</b>                          | <b>(923,118)</b>   |
| Shares/Options issued during the year              | 510,000                | 8,143                              | -                                     | -   | -                           | -                                      | 518,143            |
| Conversion of performance shares during the period | 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>   |
| <b>Balance at 1 July 2017</b>                      | <b>25,765,103</b>      | <b>728,330</b>                     | <b>434,485</b>                        | <b>12,732</b>                                       | <b>(23,924,408)</b>         | -                                      | <b>3,016,242</b>   |
| Consolidated loss for the year                     | -                      | -                                  | -                                     | -   | (3,772,940)                 | -                                      | (3,772,940)        |
| <b>Total comprehensive income for the year</b>     | -                      | -                                  | -                                     | -   | <b>(3,772,940)</b>          | -                                      | <b>(3,772,940)</b> |
| Shares/Options issued during the year              | 1,400,000              | 219,669                            | -                                     | -   | -                           | -                                      | 1,619,669          |
| Share/Option issue costs                           | (97,688)               | -                                  | -                                     | -   | -                           | -                                      | (97,688)           |
| Foreign currency translation effect                | -                      | -                                  | -                                     | 13,907  | -                           | -                                      | 13,907             |
| Options lapsed during current period               | -                      | (8,143)                            | -                                     | -   | 8,143                       | -                                      | -                  |
| Options lapsed during previous periods             | -                      | (663,097)                          | -                                     | -   | 663,097                     | -                                      | -                  |
| <b>Balance at 31 December 2017</b>                 | <b>27,067,415</b>      | <b>276,759</b>                     | <b>434,485</b>                        | <b>26,639</b>                                       | <b>(27,026,108)</b>         | -                                      | <b>779,190</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 2017

|   | Half-year<br>ended<br>31 Dec 2017<br>\$ | Half-year<br>ended<br>31 Dec 2016<br>\$ |
|---|---|---|
| <b>Cash flows from operating activities</b>                 |   |   |
| Payments to suppliers and employees                         | (1,774,638)                             | (988,293)                               |
| Receipts from customers                                     | 5,286                                   | 38,679                                  |
| Interest received   | -                                       | 39,051                                  |
| Interest paid   | (4,540)                                 | (7,140)                                 |
| R&D Tax Offset  | 1,198,899                               | -                                       |
| Net cash used by operating activities                       | (574,993)                               | (917,703)                               |
| <b>Cash flows from investing activities</b>                 |   |   |
| Payments for property, plant and equipment                  | (12,810)                                | (11,208)                                |
| Payments for intangible assets; development costs           | (551,715)                               | (661,233)                               |
| Payments for intangible assets; intellectual property       | -                                       | (21,768)                                |
| Net cash generated by investing activities                  | (564,525)                               | (694,209)                               |
| <b>Cash flows from financing activities</b>                 |   |   |
| Proceeds from issues of shares                              | 1,400,000                               | 475,000                                 |
| Payments of share issue costs                               | (84,000)                                | -                                       |
| Net cash generated by financing activities                  | 1,316,000                               | 475,000                                 |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>176,482</b>                          | <b>(1,136,912)</b>                      |
| Cash and cash equivalents at the beginning of the year      | 922,745                                 | 3,245,569                               |
| Foreign exchange effects                                    | 13,907                                  | (3,743)                                 |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>1,113,134</b>                        | <b>2,104,914</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 2017

## 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 2017 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 2017 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 2017.

### 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.

| Standard / Interpretation  | Effective for annual reporting periods beginning on or after |
|--|--|
| 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 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.

The Statement of Comprehensive Income shows the Group incurred a net loss of \$3,772,940 (31 December 2016: \$923,118) during the half year ended 31 December 2017 which included an impairment to capitalised development expenditure of \$2,745,381. The Statement of Financial Position as at 31 December 2017 shows that the Company had cash and cash equivalents of \$1,113,134 (30 June 2017: \$922,745) and a net current liabilities position of \$710,717 (30 June 2017: net current liabilities \$752,041).

- The Group's ability to continue as a going concern and pay its debts as and when they fall due is dependent upon the following:
- The Group keeping both administrative and development costs to a minimum through careful cost management, which includes, but not limited to, the reduction of development costs and scaling back of the Company's marketing strategy.
- The Group raising additional capital via any means available to it inclusive of, but not limited to, placements, option conversions, rights issues, or joint venture arrangement in a timely manner in order to fund the ongoing exploration and operation activities. The Company has an executed capital raising mandate seeking to raise \$2,000,000 through the issue shares. The required shareholder approvals are being sought at the Company's upcoming General Meeting to be held on 12 March 2018.

Under the Research and Development Tax Incentive Scheme, the Company is eligible to receive a cash rebate of up to 43.5% of the Group's development expenditure. Previous cash rebates for the years ended 30 June 2016 and 30 June 2017 have been \$739,870 and \$1,198,899, respectively. The Company is expecting to submit an application for the 30 June 2018 year for a claim within this range.

The board has reviewed the Group's financial position and forecast cash flows and have assessed that the Group will be required to raise additional funds by way of issuing equity or other alternative funding arrangements.

The directors reasonably expect that the Group will be able to meet future costs associated with its operating and exploration activities for at least the next 12 months. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Group not be successful in obtaining adequate funding, there is material uncertainty as to the ability of the Group to continue as a going concern and it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debts as and when they fall due.

### 3. PROPERTY, PLANT AND EQUIPMENT

|   | As at<br>31 Dec 2017<br>\$ | As at<br>30 Jun 2017<br>\$ |
|---|----------------------------|----------------------------|
| Plant and equipment at cost             | 379,838                    | 347,120                    |
| Accumulated depreciation and impairment | (376,892)                  | (343,844)                  |
|   | <u>2,946</u>               | <u>3,276</u>               |
| Motor vehicles at cost                  | 85,972                     | 85,972                     |
| Accumulated depreciation                | (77,552)                   | (76,608)                   |
|   | <u>8,420</u>               | <u>9,364</u>               |
| Office equipment at cost                | 64,596                     | 64,596                     |
| Accumulated depreciation                | (64,596)                   | (64,596)                   |
|   | <u>-</u>                   | <u>-</u>                   |
| Office furniture at cost                | 22,223                     | 22,016                     |
| Accumulated depreciation                | (18,549)                   | (18,423)                   |
|   | <u>3,674</u>               | <u>3,593</u>               |
| Computer - at cost                      | 96,059                     | 83,456                     |
| Accumulated depreciation                | (42,626)                   | (29,154)                   |
|   | <u>53,433</u>              | <u>54,302</u>              |
| Total plant and equipment               | <u>68,473</u>              | <u>70,535</u>              |

#### 3.1. MOVEMENT IN CARRYING AMOUNTS:

|                                 | Plant &<br>Equipment<br>\$ | Motor<br>Vehicles<br>\$ | Office<br>Equipment<br>\$ | Office<br>Furniture<br>\$ | Computer<br>Equipment<br>\$ | Total<br>\$   |
|---------------------------------|----------------------------|-------------------------|---------------------------|---------------------------|-----------------------------|---------------|
| Carrying amount at 30 June 2016 | 4,045                      | 11,561                  | 6,028                     | 2,963                     | 57,740                      | 82,337        |
| Acquisitions                    | -                          | -                       | (6,028)                   | 1,021                     | 19,746                      | 14,739        |
| Depreciation expense            | (769)                      | (2,197)                 | -                         | (391)                     | (23,184)                    | (26,541)      |
| Carrying amount at 30 June 2017 | <u>3,276</u>               | <u>9,364</u>            | <u>-</u>                  | <u>3,593</u>              | <u>54,302</u>               | <u>70,535</u> |
| Acquisitions/(disposals)        | -                          | -                       | -                         | 207                       | 12,602                      | 12,809        |
| Depreciation expense            | (330)                      | (944)                   | -                         | (126)                     | (13,471)                    | (14,871)      |
| Carrying amount at 31 Dec 2017  | <u>2,946</u>               | <u>8,420</u>            | <u>-</u>                  | <u>3,674</u>              | <u>53,433</u>               | <u>68,473</u> |

## 4. CAPITALISED DEVELOPMENT COSTS

|  | As at<br>31 Dec 2017<br>\$ | As at<br>30 Jun 2017<br>\$ |
|--|----------------------------|----------------------------|
| Software development costs capitalised during the period | 3,011,594                  | 2,459,880                  |
| Impairment of software development costs                 | (3,011,594)                | (317,670)                  |
| Intellectual property cost capitalised during the period | 51,456                     | 51,456                     |
| Impairment of Intellectual property costs                | (51,456)                   | -                          |
|  | -                          | 2,193,666                  |

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.

During the period, \$2,745,381 was recognised as a provision for impairment on the intellectual property and capitalised development costs. This was based on a conservative review of the recoverable value of the relevant assets using a value-in-use model. Based on a 5-year present value net cash flow, the asset was deemed to have a carrying value of approximately nil as at 31 December 2017. Therefore, a full impairment has been recognised.

## 5. ISSUED CAPITAL

|   | As at<br>31 Dec 2017<br>\$ | As at<br>30 Jun 2017<br>\$ |
|---|----------------------------|----------------------------|
| 1,025,444,168 fully paid ordinary shares<br>(2016: 925,444,168) | 27,067,415                 | 25,765,103                 |

### 5.1. FULLY PAID ORDINARY SHARES

|                              | As at<br>31 Dec 2017 |            | As at<br>30 Jun 2017 |            |
|------------------------------|----------------------|------------|----------------------|------------|
|                              | No.                  | \$         | No.                  | \$         |
| Balance at beginning of year | 925,444,168          | 25,765,103 | 717,744,168          | 21,102,320 |
| Conversion of options        | -                    | -          | 19,000,000           | 475,000    |
| Prospectus placement \$0.05  | -                    | -          | 1,400,000            | 35,000     |
| Acquisition - A Class shares | -                    | -          | 62,200,000           | 1,149,456  |
| Share issue costs            | -                    | -          | 125,100,000          | 3,003,327  |
| Placement at \$0.014         | 100,000,000          | 1,400,000  | -                    | -          |
| Share issue costs            | -                    | (97,688)   | -                    | -          |
| Balance at end of year       | 1,025,444,168        | 27,067,415 | 925,444,168          | 25,765,103 |

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 2017, the Company has:

- 103,034,867 unlisted share options on issue (June 2017: 43,034,867) exercisable on a 1:1 basis for 103,034,867 shares (June 2017: 43,034,867) 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 2017: 5,000,000) exercisable on a 1:1 basis for 5,000,000 shares (June 2017: 5,000,000) at an exercise price of \$0.075 cents on a post-consolidation basis. The options expire on 31 August 2018;
- 26,000,000 unlisted share options on issue (June 2017: 5,000,000) exercisable on a 1:1 basis for 26,000,000 shares (June 2017: 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 2017: 5,000,000) exercisable on a 1:1 basis for 5,000,000 shares (June 2017: 5,000,000) at an exercise price of \$0.15 cents on a post-consolidation basis. The options expire on 31 August 2018.

## 5.3. OPTIONS GRANTED DURING THE YEAR

The Company granted the following options in December 2017:

| Number of Options Issued | Issue Date  | Expiry Date | Exercise Price | Total Value | Recipient    |
|--------------------------|-------------|-------------|----------------|-------------|--------------|
| 21,000,000               | 8 Dec 2017  | 31 Aug 2018 | \$0.10         | \$1,073     | Directors    |
| 10,000,000               | 11 Dec 2017 | 31 Aug 2018 | \$0.025        | \$13,688    | Consultant   |
| 50,000,000               | 11 Dec 2017 | 31 Aug 2018 | \$0.025        | \$68,439    | Shareholders |

| Number of Options | Underlying share price (VWAP) | Exercise price | Expected volatility | Expiry date (years) | Expected dividends | Risk free rate | Probability of share issue | Value per option |
|-------------------|-------------------------------|----------------|---------------------|---------------------|--------------------|----------------|----------------------------|------------------|
| 21,000,000        | \$0.012                       | \$0.10         | 139%                | 0.75                | Nil                | 2.5%           | Nil                        | Negligible       |
| 10,000,000        | \$0.012                       | \$0.025        | 139%                | 0.75                | Nil                | 2.5%           | Nil                        | Negligible       |
| 50,000,000        | \$0.012                       | \$0.025        | 139%                | 0.75                | Nil                | 2.5%           | Nil                        | Negligible       |

## 6. RESERVES

|  | As at<br>31 Dec 2017<br>\$ | As at<br>30 Jun 2017<br>\$ |
|--|----------------------------|----------------------------|
| Option reserve balance at beginning of period                        | 728,330                    | 720,187                    |
| Options issued during the period                                     | 219,669                    | 8,143                      |
| Options lapsed during current period                                 | (8,143)                    | -                          |
| Options lapsed during previous period                                | (663,097)                  | -                          |
| Option reserve balance at end of the financial period <sup>(i)</sup> | <u>276,759</u>             | <u>728,330</u>             |

(i) 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<br>31 Dec 2017<br>\$ | As at<br>30 Jun 2017<br>\$ |
|---|----------------------------|----------------------------|
| Performance share reserve balance at beginning of year                        | 434,485                    | 1,583,941                  |
| Performance share converted during the year                                   | -                          | (1,149,456)                |
| Performance share reserve balance at end of the financial year <sup>(i)</sup> | <u>434,485</u>             | <u>434,485</u>             |

(i) The reserve arises on the on the grant of performance shares to A Class Share vendors, consultants and advisors. As at 31 December 2017 none 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<br>31 Dec 2017 |                                       | As at<br>30 Jun 2017 |                                       |
|------------------------------------|----------------------|---------------------------------------|----------------------|---------------------------------------|
|                                    | Number of<br>options | Weighted<br>average<br>exercise price | Number of<br>options | Weighted<br>average<br>exercise price |
| Balance at beginning of the period | 60,034,867           | 0.047                                 | 77,034,867           | 0.041                                 |
| Granted during the period          | 81,000,000           | 0.044                                 | 2,000,000            | 0.050                                 |
| Exercised during the period        | -                    | -                                     | (19,000,000)         | 0.025                                 |
| Expired during the period          | (2,000,000)          | (0.05)                                | -                    | -                                     |
| Balance at end of the period       | <u>139,034,867</u>   | <u>0.046</u>                          | <u>60,034,867</u>    | <u>0.047</u>                          |
| Exercisable at end of the period   | <u>139,034,867</u>   | <u>0.046</u>                          | <u>60,034,867</u>    | <u>0.047</u>                          |

## 8. 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.

## 9. EVENTS AFTER THE REPORTING PERIOD

On 5 December 2017, the Company announced that it was looking to list the 60,000,000 options issued through the \$1.4 million placements subject to the relevant ASX Listing Rule. This process is ongoing at the time of this report.

On 17 January 2018, the Company announced it has entered into a partnership with Western Australia Primary Principals Association (**WAPPA**) in support of its child protection software, Wangle Family Insites. The agreement gives Wangle access to school leaders across WA primary schools to help build awareness and support for Wangle Family Insites. The agreement has also enabled further introductions to equivalent principal associations in other Australian states.

On 13 February 2018, the Company announced that it has entered into a consultancy agreement with Dr Neale Fong, for the purpose of assisting with major partnerships development, and international expansion opportunities for its best in class child protection software, Wangle Family Insites, as well as for assistance introducing new investors to the Company.

On 26 February 2018 the following restricted securities were released from escrow in accordance with ASX Listing Rule 3.10A:

1. 169,350,000 Fully Paid Ordinary Shares;
2. 21,150,000 Class C Performance Shares;
3. 5,000,000 Class D Performance Shares;
4. 14,884,867 Options exercisable at \$0.25 each on or before 31 August;
5. 5,000,000 Options exercisable at \$0.75 each on or before 31 August;
6. 5,000,000 Options exercisable at \$0.10 each on or before 31 August; and
7. 5,000,000 Options exercisable at \$0.15 each on or before 31 August.

On 28 February 2018, the Company executed a mandate seeking to raise \$2,000,000 through the issue of shares. The required Shareholder approvals are being sought at the Company's upcoming General Meeting to be held on 12 March 2018.

## 10. 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.