

# Wangle Technologies™

## APPENDIX 4E

Preliminary final report for the year ended 30 June 2018 as required by ASX listing rule 4.3A.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

<b>(All comparisons to year ended 30 June 2017)</b>	<b>\$,000</b>	<b>Up/down</b>	<b>Movement %</b>
Revenues from ordinary activities	1,214,763	Up	44.49%
Loss from continuing operations after tax	6,405,562	Up	26.26%
Profit from discontinued operations after tax	5,336	Down	59.20%
Net loss for the year attributable to members	6,400,226	Up	26.48%

### DIVIDEND INFORMATION

No dividends were paid or proposed for the current or previous corresponding period. On 31 August 2018, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2018.

	<b>30 June 2018</b>	<b>30 June 2017</b>
Net tangible assets per security – continuing	(0.006)	(0.007)
Net tangible assets per security – discontinued	-	-

### UNAUDITED PRELIMINARY FINAL REPORT

Additional Appendix 4E disclosure requirements can be found in the notes to the 2018 Wangle Technologies Limited Consolidated Financial Statements and in the Director's Comments attached thereto.

The financial information provided in the Appendix 4E is based on the preliminary final report which has been prepared in accordance with Australian Accounting Standards.

The financial report for the year ended 30 June 2018 is in the process of being audited and Wangle Technologies Limited will release audited financial statements on/or before 30 September 2018.

# PRELIMINARY FINANCIAL REPORT

for the year ended 30 June 2018

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# DIRECTORS' COMMENTS

Wangle Technologies Limited (**Wangle** or the **Company**) is pleased to present its Preliminary Final Report for the year ended 30 June 2018 (**Period**).

Wangle has created technology that combines a range of advanced subsystems to deliver data acceleration and optimisation over a secure VPN network, whilst also analysing network data in real-time (the **Wangle Network**).

To date the Wangle Network has been used to develop two mobile based applications; Wangle Mobile VPN and Wangle Family Insites.

Wangle Mobile VPN is a Virtual Private Network (**Wangle VPN**) and a network optimiser combined that provides you with unparalleled acceleration and improves your total experience while accessing the internet from your portable devices. Wangle VPN also reduces data usage while enhancing security and privacy. Ultimately this means you can enjoy the security and privacy benefits of a VPN without the impact on user experience typically associated with other VPN services.

Wangle Family Insites (**WFI**) is the new face of Parental Control software. Developed in collaboration with researchers from Telethon Kids Institute, WFI analyses real-time network behaviours, determines risk patterns and identifies potential threats. WFI does not monitor actual content, ensuring trust is preserved between parent and child.

Real-time alerts are sent to the parent portal where our partners at Telethon Kids Institute and other experts in childhood internet safety provide research backed insights, education and resources to support children and their families as they learn to safely navigate the internet.

## OPERATIONS UPDATE

On the 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, which is currently under development.

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 and proprietary approach to solving a global societal issue that threatens the wellbeing of children around the world.

On the 10 July 2017, the Company announced it had successfully completed a robust threat matrix that Wangle Family Insite's App will use to identify potential behavioural threats. When a threat is identified, the app will notify the parents and provide education resources to the parents enabling them to have the best possible response to the threat.

The Company Announced on the 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 Primary Years Program workshop leader.

On the 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 announced on the 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 Insites, with the Android version of the app to be launched in subsequent weeks.

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, completing the public launch of the first version of Wangle Family Insites.

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.

The Company announced on 17 January 2018 that it had 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 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 28 March 2018 the Company announced that Sean Smith (CEO) and Robyn Treyvaud (Head of Education) were invited to attend the ThinkUKnow cyber safety training program with the Australian Federal Police and representatives from the Office of the eSafety Commissioner.

On 29 March 2018 Company Director Professor Donna Cross announced her appointment to the Early Years Initiative, a collaboration between the Telethon Kids Institute, the Minderoo Foundation and the Western Australian Government. Subsequently Professor Cross resigned as a director of Wangle whilst remaining on as an advisor to the company in its effort to develop and commercialise its cyber safety product, Wangle Family Insites.

On 5 April 2018 the Company released a major update to Wangle Family Insites, including the addition of a "scheduling" feature (allowing parents to set time-based restrictions to children's devices), changes to the app setup process to address issues raised by customers, support for iPhone X and additional performance improvements to the VPN layer.

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On 12 June 2018 the Company released a general market update on Wangle Operations that included details of an Organisational Review to focus on the geographic and commercial focus, resourcing requirements and cost efficiencies.

During the June quarter Company became aware that at the time of an issue of shares in December 2017 (**Placement**) made without a disclosure document the Company gave a cleansing notice pursuant to section 708A(5)(e) of the *Corporations Act 2001* (Cth) to ASX that was not effective given the Company had been suspended for more than 5 trading days in the previous 12 months. The Company was successful in obtaining orders from the Federal Court of Australia on the 7<sup>th</sup> of June seeking declaratory relief and ancillary orders relating to prior trading in shares from the Placements.

## 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.

## 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.

As announced on 11 May 2018, the Company issued 5,000,000 fully paid ordinary shares to Dr Neale Fong and 35,000,000 free-attaching unquoted options, exercisable at \$0.025 each on or before 31 August 2018, to participants in the Company's 8 March 2018 placement. The Company previously announced that it would be seeking quotation of these options but due to an administration error at ASX the \$0.025 class of options were never quoted. Subsequently, the Board opted not to proceed with their quotation due to the current market conditions and the high cost of quoting the options.

Further, the Company advised that the vesting conditions of the Company's Unquoted Options exercisable at \$0.15 each were not satisfied and accordingly those Options lapsed.

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The Company announced that its non-renounceable entitlement issue (**Entitlement Offer**) was closed on Friday 15 June 2018. Under the Entitlement Offer, eligible shareholders were offered the opportunity to subscribe for one (1) share for every one (1) existing share held, at an issue price of \$0.003 per New Share, together with one (1) free attaching option, exercisable at \$0.01 and expiring on 30 June 2021, for every one (1) New Share subscribed for and issued.

Under the Entitlement Offer eligible shareholders, with valid applications applied for a total of 113,074,642 New Shares and gross proceeds of \$339,224. In addition, applications for a total of 138,718,556 New Shares have been received under the Shortfall Offer representing a further \$416,115. The remaining number of New Shares available under the Shortfall Offer is 848,650,970 (**Shortfall**).

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2018

	Notes	UNAUDITED 2018 \$	AUDITED 2017 \$
<b>Continuing operations</b>			
Revenue	3	12,220	40,195
Interest income	3	3,644	60,661
R+D Tax Rebate		1,198,899	739,870
Research and development costs, materials and consultants		(1,654,874)	(771,008)
Directors' fees, salaries, superannuation and consulting costs		(1,600,648)	(1,087,667)
Depreciation expenses		(27,238)	(26,540)
Public company costs, fees, share registry, shareholder costs		(77,030)	(87,966)
Occupancy costs		(109,309)	(66,084)
Legal fees		(136,703)	(48,607)
Audit fees		(38,576)	(38,512)
Insurances		(8,490)	(9,786)
Interest expenses		(58,260)	(17,942)
Foreign exchange expense		(12,142)	(215)
Other expenses from ordinary activities		(316,809)	(143,362)
Corporate fees		(170,078)	(125,495)
Share-based payments		(403,504)	(43,143)
Impairment expense	8	(2,981,013)	(3,434,599)
Loss on disposal of subsidiaries		(25,650)	-
<b>Loss before income tax expense</b>		<b>(6,405,562)</b>	<b>(5,060,200)</b>
Income tax (benefit)/expense		-	-
Loss after income tax expense from continuing operations		(6,405,562)	(5,060,200)
Profit/(loss) after income tax expense from discontinued operations	13	5,336	(13,078)
<b>Loss after income tax expense for the half-year attributable to the owners of the Company</b>		<b>(6,400,226)</b>	<b>(5,073,278)</b>
<b>Other comprehensive income:</b>			
Owners of the Company		(6,400,226)	(5,087,105)
Profit attributable to non-controlling interests		-	13,827
		<b>(6,400,226)</b>	<b>(5,073,278)</b>
Total comprehensive loss for the year is attributable to:			
Continuing operations		(6,405,562)	(5,060,200)
Discontinued operations	13	5,336	(13,078)
		<b>(6,400,226)</b>	<b>(5,073,278)</b>
<b>Loss per share from continuing operations</b>			
Basic and diluted loss per share (cents per share)	4	(0.006)	(0.007)
<b>Loss per share from discontinued operations</b>			
Basic and diluted loss per share (cents per share)	4	-	-

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 preliminary financial report.

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	UNAUDITED 2018 \$	AUDITED 2017 \$
<b>Current assets</b>			
Cash and cash equivalents	12	288,197	922,745
Trade and other receivables	5	151,213	118,060
Total current assets		439,410	1,040,805
<b>Non-current assets</b>			
Plant and equipment	6	56,384	70,535
Development costs	8	-	2,142,210
Intellectual property	8	-	51,456
Total non-current assets		56,384	2,264,201
<b>Total assets</b>		<b>495,794</b>	<b>3,305,006</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	832,771	270,711
Provision for leave		12,027	18,053
Total current liabilities		844,798	288,764
<b>Total liabilities</b>		<b>844,798</b>	<b>288,764</b>
<b>Net assets</b>		<b>(349,005)</b>	<b>3,016,242</b>
<b>Equity</b>			
Issued capital	10	28,377,401	25,765,103
Reserves	11	901,338	1,175,547
Accumulated losses		(29,627,744)	(23,924,408)
<b>Total equity</b>		<b>(349,005)</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 preliminary financial report.

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2018

	Share Capital \$	Option Premium Reserve \$	Performance Share Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- Controlling Interests \$	Total \$
<b>AUDITED</b>							
Balance at 1 July 2016	21,102,320	720,187	1,583,941	199	(18,837,303)	(113,603)	4,455,741
Consolidated loss for the year	-	-	-	-	(5,087,105)	13,827	(5,073,278)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>(5,087,105)</b>	<b>13,827</b>	<b>(5,073,278)</b>
Shares/Options issued during the year	3,513,327	8,143	-	-	-	-	3,521,470
Shares issued on the acquisition of subsidiary	1,149,456	-	(1,149,456)	-	-	-	-
Foreign currency translation effect	-	-	-	12,533	-	-	12,533
Acquisition of minority interest share in NexGen	-	-	-	-	-	99,776	99,776
<b>Balance at 30 June 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>-</b>	<b>3,016,242</b>
<b>UNAUDITED</b>							
Balance at 1 July 2017	25,765,103	728,330	434,485	12,732	(23,924,408)	-	3,016,242
Consolidated loss for the year	-	-	-	-	(6,374,576)	-	(6,374,576)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>(6,374,576)</b>	<b>-</b>	<b>(6,374,576)</b>
Shares/Options issued during the year	2,745,380	387,191	-	-	-	-	3,132,571
Share/Option issue costs	(133,081)	-	-	-	-	-	(133,081)
Foreign currency translation effect	-	-	-	9,840	-	-	9,840
Options lapsed during current period	-	(8,143)	-	-	8,143	-	-
Options lapsed during previous periods	-	(663,097)	-	-	663,097	-	-
<b>Balance at 30 June 2018</b>	<b>28,377,401</b>	<b>444,281</b>	<b>434,485</b>	<b>22,572</b>	<b>(29,627,744)</b>	<b>-</b>	<b>(349,005)</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2018

		UNAUDITED 2018 \$	AUDITED 2017 \$
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(3,613,901)	(2,313,124)
Receipts from customers		29,676	35,029
Interest received	3	3,644	60,661
Interest paid		(58,260)	(17,942)
R&D Tax Rebate		1,198,899	739,870
Net cash used by operating activities	12.1	<u>(2,439,941)</u>	<u>(1,495,506)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(13,087)	(14,738)
Payments for intangible assets; development costs	8	(787,347)	(1,264,518)
Payments for intangible assets; intellectual property	8	-	(21,768)
Net cash used by investing activities		<u>(800,433)</u>	<u>(1,301,024)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	10	2,745,380	475,000
Payments of share issue costs		(149,393)	-
Net cash generated by financing activities		<u>2,595,986</u>	<u>475,000</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(644,388)</b>	<b>(2,321,530)</b>
Cash and cash equivalents at the beginning of the year		922,745	3,245,569
Foreign exchange effects		9,840	(1,294)
<b>Cash and cash equivalents at the end of the year</b>	12	<b><u>288,197</u></b>	<b><u>922,745</u></b>

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

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# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

## 1. GENERAL INFORMATION

Wangle Technologies Limited (the Company and controlled entities) is a limited company incorporated in Australia. The principal activity in the course of the financial year was the development, compliance and commercialisation of the Wangle Application.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited preliminary consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the unaudited preliminary consolidated financial statements of the Company and its controlled entities (collectively the Group).

The financial statements were authorised for issue by the directors on 31 August 2018.

### 2.1. BASIS OF PREPARATION

The financial statements comprise the unaudited preliminary consolidated financial statements of the Group. For the purposes of preparing the unaudited preliminary consolidated financial statements, the Group is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

#### 2.1.1. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Board Standards (**AASBs**) set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

#### 2.1.2. Financial position

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 \$6,400,226 (2017: \$5,073,278) during the year ended 30 June 2018 which included an impairment to capitalised development expenditure of \$2,981,013.

The Statement of Financial Position as at 30 June 2017 shows that the Company had cash and cash equivalents of \$288,197 (30 June 2017: \$922,745) and a net current liability position of \$405,388 (30 June 2017: \$752,041 net current assets).

The Company announced that its non-renounceable entitlement issue (**Entitlement Offer**) was closed on Friday 15 June 2018. Under the Entitlement Offer, eligible shareholders were offered the opportunity to subscribe for one (1) share (**New Shares**) for every one (1) existing share held, at an issue price of \$0.003 per New Share, together with one (1) free attaching option, exercisable at \$0.01 and expiring on 30 June 2021, for every one (1) New Share subscribed for and issued (**New Options**).

Subsequent to year end, the placement of the remaining shortfall securities (**Shortfall**) was managed by the broker and lead manager of the Entitlement Issue, CPS Capital Group Pty Ltd, who successfully placed all 848,650,970 shares to raise gross proceeds of \$2,545,953.

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.

### 2.1.3. Use of estimates and judgments

The preparation of unaudited preliminary consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 2.2. PRINCIPLES OF CONSOLIDATION

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the unaudited preliminary consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

### 2.2.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquisition; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;  
**less**
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

### 2.2.2. Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the unaudited preliminary consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

### 2.2.3. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 2.2.4. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the unaudited preliminary consolidated financial statements.

#### 2.2.5. Foreign currency transactions and balances

##### *Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The unaudited preliminary consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

##### *Group companies and foreign operations*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

### 2.3. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 3. REVENUE

#### 3.1. REVENUE FROM CONTINUING OPERATIONS

Revenue  
Interest received  
R&D Tax Rebate

UNAUDITED 2018 \$	AUDITED 2017 \$
12,220	40,195
3,644	60,661
1,198,899	739,870
<u>1,214,763</u>	<u>840,726</u>

### 4. LOSS PER SHARE

#### 4.1. BASIC LOSS PER SHARE

From continuing operations  
Total basic loss per share

UNAUDITED 2018 Cents Per Share	AUDITED 2017 Cents Per Share
(0.006)	(0.007)
<u>(0.006)</u>	<u>(0.007)</u>

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Loss for the year from continuing operations  
Loss for the year

UNAUDITED 2018 \$	AUDITED 2017 \$
(6,400,226)	(5,087,105)
<u>(6,400,226)</u>	<u>(5,087,105)</u>

Weighted average number of ordinary shares for the purposes of  
basic loss per share

UNAUDITED No.	AUDITED No.
<u>1,007,004,019</u>	<u>773,165,813</u>

#### 4.2. DILUTED LOSS PER SHARE

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share:

Unlisted options exercisable at \$0.05 on or before 31 Dec 2017  
Unlisted options exercisable at \$0.025 on or before 31 Aug 2018  
Unlisted options exercisable at \$0.075 on or before 31 Aug 2018  
Unlisted options exercisable at \$0.10 on or before 31 Aug 2018  
Unlisted options exercisable at \$0.15 on or before 31 Aug 2018  
Unlisted options exercisable at \$0.01 on or before 30 June 2021

UNAUDITED 2018 No.	AUDITED 2017 No.
-	2,000,000
138,034,867	43,034,867
5,000,000	5,000,000
26,000,000	5,000,000
-	5,000,000
<u>251,793,198</u>	<u>-</u>

## 5. CURRENT TRADE AND OTHER RECEIVABLES

	UNAUDITED 2018 \$	AUDITED 2017 \$
Trade debtors	1,900	386,847
Provision for impairment	(1,900)	(386,847)
Sundry debtors and prepayments	151,213	118,060
	151,213	118,060

Trade receivable are non-interest bearing and generally on terms of 14-60 days. No provision for impairment at year end is considered necessary.

*Trade receivables past due but not impaired*

There were no other trade receivables past due but not impaired (2017: \$NIL).

*Fair value and credit risk*

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

## 6. PROPERTY, PLANT AND EQUIPMENT

	UNAUDITED 2018 \$	AUDITED 2017 \$
Plant and equipment at cost	379,838	347,120
Accumulated depreciation and impairment	(377,184)	(343,844)
	2,654	3,276
Motor vehicles at cost	85,972	85,972
Accumulated depreciation	(78,387)	(76,608)
	7,585	9,364
Office equipment at cost	64,596	64,596
Accumulated depreciation	(64,596)	(64,596)
	-	-
Office furniture at cost	22,223	22,016
Accumulated depreciation	(18,707)	(18,423)
	3,516	3,593
Computer - at cost	96,336	83,456
Accumulated depreciation	(53,707)	(29,154)
	42,629	54,302
Total accumulated depreciation and impairment	56,384	70,535

## 6.1. MOVEMENT IN CARRYING AMOUNTS:

	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Office Furniture \$	Computer Equipment \$	Total \$
<b>AUDITED</b>						
Carrying amount at 30 June 2016	4,045	11,561	6,028	2,963	57,740	82,337
Acquisitions/(Disposals)	-	-	(6,028)	1,021	19,746	14,739
Depreciation expense	(769)	(2,197)	-	(391)	(23,183)	(26,541)
Carrying amount at 30 June 2017	3,276	9,364	-	3,593	54,302	70,535
<b>UNAUDITED</b>						
Acquisitions	-	-	-	207	12,879	13,087
Depreciation expense	(622)	(1,779)	-	(284)	(24,553)	(27,238)
Carrying amount at 30 June 2018	2,654	7,585	-	3,516	42,629	56,384

## 7. INTANGIBLE ASSETS

	UNAUDITED 2018 \$	AUDITED 2017 \$
Technology rights at cost	500,000	500,000
Capitalised patent expenditure at cost	548,022	548,022
Accumulated amortisation – technology rights and patent	(425,759)	(425,759)
Amount written off – technology rights and patent	(622,263)	(622,263)
	-	-
Licence and know-how at cost	400,100	400,100
Accumulated amortisation – licence	(140,000)	(140,000)
Amount written off – licence	(260,100)	(260,100)
	-	-
Goodwill at cost	49,998	49,998
Amount written off – goodwill	(49,998)	(49,998)
	-	-
Assets acquired on acquisition of NexGen Networks Limited	6,086,956	6,086,956
Assets acquired as part of B Class shareholders interest <sup>(i)</sup>	3,116,929	3,116,929
Amount written off – asset acquisition	(9,203,885)	(9,203,885)
	-	-

- (i) The acquisition of NexGen Networks Limited has been accounted for as an asset acquisition and recognised at fair value on acquisition. The transaction was completed during the year ended 30 June 2017 when the B Class shareholders of NexGen Networks Limited exercised the Put Option to transfer 100% of their interest to the Company in consideration for shares as detailed at Note 10.1. The Directors assess the fair value of NexGen Networks Limited to be nil and hence have recognised a \$3,116,929 impairment loss during the year ended 30 June 2017.

## 8. CAPITALISED DEVELOPMENT COSTS

	UNAUDITED 2018 \$	AUDITED 2017 \$
Software development costs capitalised during the period	3,247,226	2,459,880
Impairment of software development costs	(3,247,226)	(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, \$2,981,013 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 30 June 2018. Therefore, a full impairment has been recognised.

## 9. TRADE AND OTHER PAYABLES

	UNAUDITED 2018 \$	AUDITED 2017 \$
Current		
Unsecured trade creditors	397,384	78,389
Sundry creditors and accruals	420,118	192,322
	817,502	270,711

## 10. ISSUED CAPITAL

	UNAUDITED 2018 \$	AUDITED 2017 \$
925,444,168 fully paid ordinary shares (2016: 717,744,168)	28,377,401	25,765,103

### 10.1. FULLY PAID ORDINARY SHARES

	UNAUDITED 2018		AUDITED 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
Placement to employees	-	-	1,400,000	35,000
Conversion of Class A + B Performance Shares	-	-	62,200,000	1,149,456
Acquisition - B Class shares	-	-	125,100,000	3,003,327
Shares issued	426,793,198	2,745,380	-	-
Share issue costs	-	(133,081)	-	-
Balance at end of year	1,352,237,366	28,377,401	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. Ordinary shares have no par value.

## 10.2. SHARE OPTIONS ON ISSUE

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

As at 30 June 2018, the Company had:

- 138,034,867 unlisted share options on issue (2017: 43,034,867) exercisable on a 1:1 basis for 138,034,867 shares (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 (2017: 5,000,000) exercisable on a 1:1 basis for 5,000,000 shares (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 (2017: 5,000,000) exercisable on a 1:1 basis for 26,000,000 shares (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
- 251,793,198 unlisted share options on issue (2017: Nil) exercisable on a 1:1 basis for 251,793,198 shares (2017: Nil) at an exercise price of \$0.01 cents on a post-consolidation basis. The options expire on 30 June 2021.

## 11. RESERVES

	UNAUDITED 2018 \$	AUDITED 2017 \$
Option reserve balance at beginning of year	728,330	720,187
Options issued during the year	387,191	8,143
Options lapsed during current period	(8,143)	-
Options lapsed during previous period	(663,097)	-
Option reserve balance at end of the financial year	<u>444,281</u>	<u>728,330</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.

	UNAUDITED 2018 \$	AUDITED 2017 \$
Performance share reserve balance at beginning of year	437,047	1,583,941
Performance share converted during the year	(2,562)	(1,146,894)
Performance share reserve balance at end of the financial year	<u>434,485</u>	<u>437,047</u>

The reserve arises on the on the grant of performance shares to A Class Share vendors, consultants and advisors. As at 30 June 2018 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.

## 12. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	UNAUDITED 2018 \$	AUDITED 2017 \$
Cash and cash equivalents	288,197	922,745

### 12.1. RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

(Loss)/profit for the year	(6,400,226)	(5,073,278)
<i>Non-cash items</i>		
Depreciation	27,238	26,540
Impairment of intangible assets	2,981,013	3,434,599
Share-based payments	403,504	43,143
	(2,988,472)	(1,568,996)
<i>Movements in working capital</i>		
(Increase) in prepayments	(12,567)	(204)
(Increase) in trade and other receivables	(20,586)	82,574
(Decrease) in trade and other payables	556,033	(8,880)
Net cash used in operating activities	(2,465,591)	(1,495,506)

## 13. DISCONTINUED OPERATIONS

On 9 January 2018 the Company confirmed that it had deregistered its wholly owned subsidiary in Singapore, VTX Holdings Pte. Ltd due to inactivity.

	UNAUDITED 2018 \$	AUDITED 2017 \$
<b>Results of Discontinued Operations</b>		
Revenue	-	-
Income	5,336	-
Expenses	-	(13,078)
<b>Profit/(loss) before income tax</b>	<b>5,336</b>	<b>(13,078)</b>
Income tax (benefit)/expense	-	-
<b>Profit/(loss) after tax from discontinued operations</b>	<b>5,336</b>	<b>(13,078)</b>
<b>Assets and liabilities of discontinued operations</b>		
<b>Liabilities</b>		
Inter-Company Loans	-	30,986
Total Non-Current Liabilities	-	30,986
<b>Total Liabilities</b>	<b>-</b>	<b>30,986</b>
<b>Net Assets</b>	<b>-</b>	<b>(30,986)</b>
<b>Cash flows of discontinued operations</b>		
Net cash from/(used in) operating activities	5,336	(13,078)
Net cash from investing activities	-	-
Net cash from/(used in) financing activities	-	-
<b>Net cash flows for the year</b>	<b>5,336</b>	<b>(13,078)</b>

## 14. 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 and commercialisation of the Wangle Application. The unaudited preliminary 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.

- (a) This Appendix 4E has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
- (b) This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.
- (c) This Appendix 4E does give a true and fair view of the matters disclosed.
- (d) This Appendix 4E is based on financial statements which are in the process of being audited.
- (e) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (f) Audit of the Company accounts is currently in progress and it is expected to contain an unmodified opinion and include material uncertainty section in the audit report.



**Jonathan Wild**  
Chairman

31 August 2018