RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D
HALF YEAR INFORMATION GIVEN TO ASX
UNDER LISTING RULE 4.2A

Name of entity	**iWebGate Limited**
ABN	**55 141 509 426**
Half year ended	**31 December 2015**
Previous corresponding period	**31 December 2014**

The information contained in this report should be read in conjunction with the most recent annual financial report.

Contents **Item**

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

			31 December 2015 (6 months)	31 December 2014 (6 months)
Revenue from ordinary activities	Up	77.5%	475,840	268,122
(Loss) from ordinary activities after income tax attributable to members	Down	6.8%	(4,219,365)	(3,951,491)
Total comprehensive loss attributable to members	Down	8.7%	(4,284,108)	(3,941,105)

The net loss for the consolidated entity after providing for income tax amounted to $4,219,365 (31 December 2014 $3,951,491). It is not proposed to pay dividends.

The financial position of the consolidated entity depends on sales from the commercialisation of the networking and internet security systems. The networking and internet security industry is a fast moving industry and the rate of technological change is significant. The main risk for the consolidated entity, and therefore the focus of management, is sales from the commercialisation of the networking and internet security systems.

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current period	Previous corresponding period
(0.003) cents	6.28 cents

3. DETAILS OF CONTROLLED ENTITIES

3.1 Control gained over entities during the period – Nil

3.2 Loss of control of entities during the period - Nil

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity accounted Associates and Joint Venture Entities - Nil

5. DIVIDENDS

No dividends have been declared for the half year ended 31 December 2015 or for the previous corresponding period.

6. ACCOUNTING STANDARDS

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4D.

7. REVIEW STATUS

The Half Year Interim Financial Report has been reviewed.

IWEBGATE LIMITED

A.C.N. 141 509 426

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2015

CONTENTS

DIRECTORS' REPORT

The Directors of iWebGate Limited present their report on the Consolidated Entity consisting of iWebGate Limited ("Company" or " iWebGate ") and the entities it controlled at the end of, or during, the half-year ended 31 December 2015 ("Consolidated Entity" or "Group").

Directors

The names of directors who held office during or since the end of the half year are:

- Timothy Gooch (appointed 10 December 2014)
- James Tsiolis (appointed 11 November 2015)
- Katherine Foster (appointed 11 November 2015)
- Kevin Greene (appointed 3 December 2015)
- Mark Harrell (appointed 10 December 2014, resigned 3 December 2015)
- Adam Sierakowski (appointed 23 July 2012 resigned 11 February 2016)

Significant change in the State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity.

Principal activities

Since the completion of the acquisition of the iWebGate Group the principal activities of the Group is the development and commercialisation of networking and internet security systems.

Review of operations

The net loss for the consolidated entity after providing for income tax amounted to $4,219,365 (31 December 2014 $3,951,491).

The financial position of the consolidated entity depends on sales from the commercialisation of the networking and internet security systems. The networking and internet security industry is a fast moving industry and the rate of technological change is significant. The main risk for the consolidated entity, and therefore the focus of management, is sales from the commercialisation of the networking and internet security systems.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 2 for the half year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors

DocuSigned by:

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James Tsiolis
Director

Perth

Dated this 29th day of February 2016

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

As lead auditor for the review of iWebGate Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 29 February 2015

Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2015

	Note	Consolidated Half Year ended 31 December 2015 $	Consolidated Half Year ended 31 December 2014 $
Income			
Sales		353,499	259,856
Grants		112,506	-
Interest		9,835	8,266
		475,840	268,122
Expenses			
Sales, Business Development, Marketing, Travel		1,334,100	373,130
Admin, Office, Corporate		841,060	314,365
Development & Commercialisation		1,865,176	1,865,792
Finance costs		162,597	409,097
Director share based payments (options granted)	3	492,272	-
Listing fee expense on acquisition of iWebGate		-	1,257,229
		4,695,205	4,219,613
(Loss) before income tax		(4,219,365)	(3,951,491)
Income tax expense		-	-
(Loss) for the period		**(4,219,365)**	**(3,951,491)**
Other comprehensive income			
Items that will be classified to profit or loss:			
Exchange differences on translation of foreign operations		(64,743)	10,386
Other comprehensive loss for the period, net of income tax		(64,743)	(10,259)
Total comprehensive loss for the period		**(4,284,108)**	**(3,941,105)**
(Loss)/profit attributable to members of the parent entity		(4,219,365)	(3,951,491)
Total comprehensive loss attributable to members of the parent entity		(4,284,108)	(3,941,105)
Earnings/(Loss) per share from continuing operations			
- basic earnings per share (cents)	6	(0.01)	(0.02)
- diluted earnings per share (cents)	6	(0.01)	(0.02)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes to the consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2015

	Note	Consolidated Half Year ended 31 December 2015 $	Consolidated Full Year ended 30 June 2015 $
Current assets			
Cash and cash equivalents		613,403	1,741,857
Trade and other receivables		358,474	698,482
Total current assets		971,877	2,440,339
Non-current assets			
Property, plant and equipment		29,407	30,034
Total non-current assets		29,407	30,034
Total assets		1,001,284	2,470,373
Current liabilities			
Trade and other payables		484,641	550,908
Employee benefits		144,571	111,518
Borrowings	4	753,855	-
Other		-	436,307
Total current liabilities		1,383,067	1,098,733
Non-current liabilities			
Borrowings		1,317,868	1,304,755
Total non-current liabilities		1,317,868	1,304,755
Total liabilities		2,700,935	2,403,488
Net assets (deficit)		(1,699,651)	66,885
Equity			
Issued equity	5	15,096,047	13,353,100
Reserves		622,976	(86,906)
Retained earnings (losses)		(17,418,674)	(13,199,309)
Total equity / (deficiency in equity)		(1,699,651)	66,885

The consolidated statement of financial position should be read in conjunction with the attached notes to the consolidated financial statements.

Consolidated statement of changes in equity for the half year ended 31 December 2015

Consolidated		Issued capital $	Reserves	Retained earnings (losses) $	Total $
At 1 July 2014		2,782,407	(10,259)	(5,777,462)	(3,005,314)
Total comprehensive loss for the period		-	10,386	(3,951,491)	(3,941,105)
Transactions with owners in their capacity as owners:					
Share issue		5,000,500	-	-	5,000,500
Capital raising costs		(344,524)	-	-	(344,524)
Cost of listing (Facilitation shares)		200,000	-	-	200,000
Share based payment – acquisition of asset		3,795,985	-	-	3,795,985
Balance at 31 December 2014		11,434,368	127	(9,728,953)	1,705,542
At 1 July 2015		13,353,100	(86,906)	(13,199,309)	66,885
Total comprehensive loss for the period		-	(64,743)	(4,219,365)	(4,284,108)
Transactions with owners in their capacity as owners:					
Share issue		2,000,700	-	-	2,000,700
Capital raising	5	(257,753)	-	-	(257,753)
Financing costs	4	-	282,353	-	282,353
Share-based payments	3	-	492,272	-	492,272
Balance at 31 December 2015		15,096,047	622,976	(17,418,674)	(1,699,651)

The consolidated statement of changes in equity should be read in conjunction with the attached notes to the consolidated financial statements.

Consolidated Statement of cash flows for the half year ended 31 December 2015

	Note	Consolidated Half Year ended 31 December 2015 $	Consolidated Half Year ended 31 December 2014 $
Cash flows from operating activities			
Receipts from customers		120,276	278,382
Payments to suppliers and employees		(4,650,510)	(2,770,245)
		(4,530,234)	(2,491,863)
Grants received		610,023	-
Interest received		9,835	8,266
Interest and other finance costs paid		(35,396)	-
Net cash (used in) operating activities	7	(3,945,772)	(2,483,597)
Cash flows from investing activities			
Payments for property, plant and equipment		(9,671)	(18,322)
Refund for security deposits		47,834	-
Cash acquired on acquisition		-	53,574
Net cash (provided by) investing activities		38,163	35,253
Cash flows from financing activities			
Proceeds from issue of shares		2,000,699	5,000,500
Share issue transaction costs		(171,544)	(344,524)
Proceeds from borrowings		950,000	1,000,000
Repayment of borrowings		-	(865,694)
Net cash provided by financing activities		2,779,155	4,790,282
Net change in cash and cash equivalents held		(1,128,454)	2,341,938
Cash and cash equivalents at beginning of financial period		1,741,857	539,368
Cash and cash equivalents at end of financial period		**613,403**	**2,881,306**

The consolidated statement of cash flows should be read in conjunction with the attached notes to the consolidated financial statements.

Note 1: Basis of preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2015 that have been applied by iWebGate Group. The 30 June 2015 annual report disclosed that iWebGate Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2015.

Going Concern

The Group will require further funding during the next 12 months in order to meet day to day obligations as they fall due and to successfully progress commercialising its products. Based on the Group's cash flow forecast the Board of Directors is aware of the Group's need to access additional working capital in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, and including successfully commercialising its products.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The directors have based this on the following pertinent matters:

- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
- The Group retains the ability, if required, to wholly or in part dispose of its intellectual property.
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.
- The Directors have determined that future equity raisings will be required and can be achieved to provide funding for the Group's activities and to meet the Group's objectives.

Should the Group not achieve the matters set out above, there is significant uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

Fair Value

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

Convertible notes at fair value through profit and loss

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

Note 2: Operating Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming this financial report.

Note 3. Share-based payments

Pursuant to their appointment the following Directors are to be granted unlisted Options, the issue of the Options to the Directors is subject to shareholder approval. The Options are to be issued with an exercise price equal to the next capital raising undertaken by the Company and will have an expiry date 3 years from the date of issue.

For the purposes of the Australian Accounting Standards the Options are required to be accounted for as a share based payment as they have deemed to have been granted during the reporting period. As the Options have not yet been issued the share based payment cost is to be apportioned over the period from the deemed grant until the estimated date the Options will be issued.

As the Options have not yet been issued the valuation model inputs used are indicative only and the share based payment cost will be recalculated when the Options are issued and the financial statements updated at the time.

The issue of the Options are subject to shareholder approval and an estimated date for the issue of the Options used for the purposes of apportioning the share based payment costs is 30 April 2016. Accordingly the share based payment cost included in the financial statements for the period from the deemed grant date to the estimated issue date is $492,272.

	Number of Options	Fair value
James Tsiolis	7,500,000	$657,200
Katherine Foster	7,000,000	$613,387
Kevin Greene	10,000,000	$876,267
	24,500,000	$2,146,854

For the options deemed granted (but not yet issued) during the current period, the valuation model inputs used to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at issue date
25/11/2015	25/11/2018	$0.14	$0.14	100.00%	0.00%	2.11%	$0.088

Note 4: Borrowings - Fair Value Measurement

On 16 October 2015 the Company entered into a debt facility under which $950,000 was received, the debt facility has a face value of $1,000,000 and is repayable in three tranches with 25% of funds to be repaid in 3 months, 50% repaid in 6 months, and the balance repaid in 9 months. Interest of 10% per annum is payable quarterly. In the event of default, the loan is convertible at a conversion rate of 80% of VWAP over the 5 days immediately preceding conversion. A total of 2,139,037 unlisted Options with an exercise price of $0.187 and an expiry date of 4 November 2020 were issued to the parties advancing loan funds.

For the purposes of the Australian Accounting Standards the Options are required to be valued and accounted for as a financing cost over the life of the debt facility, the valuation model inputs used to determine the fair value of the Options, are as follows:

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

The total finance cost of the debt facility is $332,353 comprising the Options fair value of $282,353 plus the $50,000 subscription discount.

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

Derivative liabilities	**Half Year ended 31 December 2015 $**
Debt facility face value	1,000,000
Finance costs to be amortised over life of facility	(332,353)
Finance cost amortised for the period	86,208
Financial liability at fair value - Level 3 ($1,000,000 face value)	753,855

Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices),
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

Transfers

During the half-year ended 31 December 2015, there were no transfers of available-for-sale equity securities or derivatives between levels 1 and 2 of the fair value hierarchy. There were also no transfers into or out of level 3 during the period.

Valuation techniques used to derive level 3 fair values

The following table sets out the valuation techniques used to measure fair values within Level 3 at 30 June 2014, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Description – Debt facility

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

Unobservable inputs - The probability of issue of equity before expiry of the debt facility. The probability is assessed as nil at 31 December 2015.

Range of inputs - Should the probability of issue of equity change, the price of the conversion is a 80% VWAP or 120% of the face value of the notes.

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

Reconciliation of level 3 movements

The following table sets out the movements in level 3 fair values for contingent consideration payable.

	$
Opening balance 1 July 2015	-
Debt facility issued	753,855
Closing balance 31 December 2015	753,855

Valuation processes for level 3 fair values

The financial department performs Level 3 valuations. The financial department reports to the Board of Directors. Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements. Valuations are reviewed and approved by the Board of Directors.

Note 5: Share capital

	Ordinary Shares	$
Balance 1 July 2014	11,434,918	2,782,406
Issues of shares	12,501,250	5,000,500
Less: Capital raising costs	-	(344,524)
Facilitation shares	5,000,000	200,000
Shares for acquisition of iWebGate Group, Deemed consideration on acquisition (Note 6)	465,972,916	3,795,985
Shares in iWebGate on completion of acquisition	115,360,438	-
iWebgate Group shares eliminated on completion of acquisition	(11,434,918)	-
Issue of shares	10,225,000	2,045,000
Share issue transaction costs, net of tax	-	(126,268)
Balance at 30 June 2015	609,059,604	13,353,100
Issues of shares	11,768,821	2,000,700
Less: Capital raising costs	-	(257,753)
Balance at 31 December 2015	620,828,425	15,096,047

Note 6: Earnings per share

	Half Year ended 31 December 2015	Half Year ended 31 December 2014
(Loss) used in the earnings per share calculation	$ (4,219,365)	$(3,951,491)
Weighted average number of ordinary shares	613,396,186	165,560,841
Loss per share (cents)	(0.01)	(0.02)

Note 7: Reconciliation of loss after income tax to net cash from operating activities

	Half Year ended 31 December 2015	Half Year ended 31 December 2014
Loss after income tax expense for the year	(4,219,365)	(3,951,491)
Adjustments for:		
Director share based payments (options granted)	492,272	-
Depreciation and amortisation	10,298	4,308
Foreign exchange differences	(64,743)	-
Impairment of receivables	27,879	-
Interest accrued on loans	13,114	73,777
Listing fee expense on acquisition of iWebGate	-	1,257,229
Change in operating assets and liabilities:		
Increase in trade and other receivables	264,294	35,409
Decrease/(increase) in other operating assets	-	(6,497)
Increase/(decrease) in trade and other payables	(502,574)	103,668
Increase (decrease) in employee benefits	33,053	-
Net cash deficit from operating activities	(3,945,772)	(2,483,597)

Note 8: Related party

Directors' transactions with the Company

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

The terms and conditions of the transactions with directors and their director related entities were no more favorable to the directors and their director related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis. The aggregate amounts recognised during the half year (excluding re-imbursement of expenses incurred on behalf of the Company) relating to directors and their director-related entities were as follows:

Legal fees

For the period ending 31 December 2015, $21,701 of legal fees was paid to Price Sierakowski (of which Mr Adam Sierakowski is a Director).

Company secretarial fees and accounting fees

For the period ending 31 December 2015, $37,791 of company secretarial fees, general office services, and accounting fees was paid to Trident Management Services Pty Ltd (of which Mr Adam Sierakowski is a Director). As at the 31 December 2015, $7,000 is payable to Trident Management Services Pty Ltd.

Director fees

For the period ending 31 December 2015, $49,000 of director fees was paid to Trident Capital Pty Ltd (of which Mr Adam Sierakowski is a Director). As at the 31 December 2015, $7,000 is payable to Trident Capital Pty Ltd.

For the period ending 31 December 2015, $5,000 of director fees was paid to Strategic Capital Management Ltd (of which Mr James Tsiolis is a Director). As at the 31 December 2015, $5,000 is payable to Strategic Capital Management Ltd.

Advisory fees and capital raising fees

For the period ending 31 December 2015, $300,453 of corporate advisory and capital raising fees was paid to Strategic Capital Management Ltd (of which Mr James Tsiolis is a Director). As at the 31 December 2015, $15,000 is payable to Strategic Capital Management Ltd.

Loan payable

As at 31 December 2015 $60,823 is owed to Talks One Pty Ltd as trustee for the Gooch Family Trust (of which Tim Gooch is a director and beneficiary). For the period ending 31 December 2015 $2,253 interest has accrued on the loan.

As at 31 December 2015 $30,588 is owed to Mark Harrell as trustee for Harrell Family Trust (of which Mark Harrell is trustee and a beneficiary). For the period ending 31 December 2015 $1,092 interest has accrued on the loan.

Note 9: Contingent Liabilities

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2015.

Note 10: Events subsequent to reporting date

On 16 February 2016 James Tsiolis was appointed Executive chairman of the company.

There has been no other material event subsequent to the half year ended 31 December 2015.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 3 to 12 are in accordance with the *Corporations Act 2001,* including:
    a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
    b) complying with Accounting Standard AASB 134 "Interim Financial Reporting".

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

DocuSigned by:

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James Tsiolis
Director

Perth

Dated this 29th day of February 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of iWebGate Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iWebGate Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 iWebGate Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 iWebGate Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the consolidated entity successfully commercialising its products, raising further equity as required and/ or reducing expenditure and commitments. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

Dean Just

Director

Perth, 29 February 2016