

Appendix 4E

Preliminary final report

1. Company details

Name of entity

Wangle Technologies Limited (ASX: WGL)

ABN or equivalent
company reference

80 096 870 978

Financial year ended
(‘current period’)

30 June 2016

Financial year ended
(‘previous corresponding period’):

30 June 2015

2. Results for announcement to the market

	12 months ended 30 June 2016	12 months ended 30 June 2015	Increase/ (decrease) %
Full year comparison			
Revenues from ordinary activities	116,706	19,118	510.46%
Loss from ordinary activities after tax attributable to members	(7,723,542)	(390,702)	1,876.84%
Net loss for the period attributable to members	(7,734,159)	(390,702)	1,879.55%
Net tangible deficiency per share	(0.012)	(0.001)	730.19%

3. Dividends

No dividends were paid or proposed for the current or previous corresponding period. On 31 August 2016, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2016.

4. Unaudited Preliminary Final Report

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 2016 is in the process of being audited and Wangle Technologies Limited will release audited financial statements on/or before 30 September 2016.

5. Comments by directors

Wangle Technologies Limited, (Wangle or Company) is pleased to present its Preliminary Final Report for the year ended 30 June 2016 (FY16 or Period).

Wangle Technologies patent pending technology combines a range of advanced subsystems to deliver unparalleled acceleration and data optimisation. Wangle's solution allows today's devices to access tomorrow's bandwidth speeds while reducing your data usage in a safe and secure environment.

Completion of Acquisition

On 22 February 2016, the acquisition of 100% of the A Class Shares in NexGen Networks Limited was completed by VTX Holdings Limited. Subsequently, the Company was renamed Wangle Technologies Limited, following the receipt of shareholder approval at the General Meeting held on 23 December 2015.

Accordingly, on Friday the 19th of February 2016, the Company issued the following securities in connection with the acquisition:

Pursuant to the prospectus dated 22 December 2015:

- 200,000 fully paid ordinary shares.

Issued in consideration for the acquisition of 100% of the A Class Shares in NexGen Networks Limited;

- 182,700,000 fully paid ordinary shares;
- 26,100,000 Class A Performance Shares;
- 26,100,000 Class B Performance Shares; and
- 26,100,000 Class C Performance Shares.

Unquoted options issued in consideration for corporate advisory and investor relations services.

- 5,000,000 unquoted options exercisable at \$0.075 each on or before 31 August 2018;
- 5,000,000 unquoted options exercisable at \$0.10 each on or before 31 August 2018; and
- 5,000,000 unquoted options exercisable at \$0.15 each at any time on and from the date on which the Optionholder has introduced institutional investors that together hold not less than 5% of the issued Shares of the Company within 18 month of the date of issue of the Options until 31 August 2018.

The Company also issued Performance Shares in consideration for technology development services:

- 5,000,000 Class A Performance Shares;
- 5,000,000 Class B Performance Shares;
- 5,000,000 Class C Performance Shares; and
- 5,000,000 Class D Performance Shares.

Further details on the classes for performance shares has been disclosed within the Company's prospectus dated 22 December 2015.

Board changes

In accordance with the terms of the acquisition of NexGen, the following Board changes became effective on the 19 February 2016:

- Jason Gitmans and Keaton Wallace have been appointed as Directors of the Company; and
- James Robinson and Harry Karelis, resigned as Directors of the Company.

A further appointment took place on 16 June 2016 when the Company's Chief Technology Officer, Cam Worth, was appointed as a non-executive director of Wangle Technologies.

Wangle App

On 24 August 2016 the Company provided an update on the status of its Application "Wangle". The Board advised the market that the Wangle App was performing with excellent stability having completed the re-engineering required to comply with the interim data retention and interception requirements which provided the foundation for full compliance.

Wangle has demonstrated a clear competitive advantages through testing which will allow consumers to take advantage of:

- A VPN more than twice as fast as the industry standard OpenVPN;
- A secure and private network underpinned by proprietary encryption; and
- Significant data savings and speed increases.

Wangle App will launch as a free download on Google Play for Android users and via the Apple App Store for iOS users on or before the 14 October 2016.

For further information and updates on the release of the Wangle App, please visit: www.wan.gl

The Company's marketing partner Dentsu Mitchell will commence the advertising and commercialisation strategy on September 30th, 2016 ahead of the October launch.

Dentsu Mitchell has identified seven key customer segments most receptive to making a VPN purchase equating to a measurable advertising audience of more than 3.3 million people.

Wangle Technologies Limited is also developing a suite of innovative technology products that expands on the underlying network-based offering. These include a revolutionary new product based on the Company's latest patent, Wangle Insites and Family Protection which is rapidly progressing towards release with market updates to follow in the coming weeks.

For a more detailed report of the Company's activities during and subsequent to year-end please refer to recent announcements and the Director's Report in the Company's upcoming Annual Financial Report.

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Notes	UNAUDITED 2016 \$	AUDITED 2015 \$
CONTINUING OPERATIONS			
Revenue	2	53,977	-
Interest Income	2	62,729	19,118
Research and development costs, materials and consultants		(202,692)	(24,627)
Directors' fees, salaries, superannuation and consulting costs		(409,276)	(170,306)
Depreciation expenses		(9,684)	(4,856)
Public company costs, fees, share registry, shareholder costs		(165,467)	(59,989)
Occupancy costs		(73,720)	4,361
Legal fees		(268,769)	(18,232)
Audit fees		(48,071)	(25,147)
Insurances		(13,665)	(8,567)
Interest expenses		(2,730)	(438)
Foreign Exchange Expense		29,449	-
Other expenses from ordinary activities		(116,626)	(13,019)
Corporate fees		(114,195)	-
Share Based Payments		(357,846)	-
Impairment Expense	13	(6,086,956)	(89,000)
Loss before income tax expense		(7,840,248)	(409,820)
Income tax (benefit)/expense		-	-
Loss for the year from continuing operations		(7,723,542)	(390,702)
Other comprehensive income			
Owners of the Company		(7,734,159)	-
Loss attributable to non-controlling interests		10,617	-
Total comprehensive income for the year		(7,723,542)	(390,702)
Earnings/(Loss) Per Share			
Basic earnings per share (cents per share)		(0.012)	(0.001)
Diluted earnings per share (cents per share)	3	(0.010)	(0.001)

The above consolidated statement of comprehensive income should be read
in conjunction with the accompanying notes.

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Notes	UNAUDITED 2016 \$	AUDITED 2015 \$
Current assets			
Cash and cash equivalents	11	3,245,569	937,776
Trade and other receivables	4	239,992	20,686
Other current assets	6	-	100,000
Total current assets		3,485,561	1,058,462
Non-current assets			
Plant and equipment	5	82,337	19,277
Development Costs	7	1,195,362	-
Intellectual Property	7	29,688	-
Total non-current assets		1,307,387	19,277
Total assets		4,792,948	1,077,739
Liabilities			
Current liabilities			
Trade and other payables	8	290,927	93,040
Other financial liabilities		40,173	-
Total current liabilities		331,100	93,040
Total liabilities		331,100	93,040
Net assets		4,461,848	984,699
Equity			
Issued capital	9	21,102,320	11,415,813
Reserves	10	2,304,326	660,074
Accumulated losses		(18,831,195)	(11,091,188)
Non-controlling interest		(113,603)	-
Total equity		4,461,848	984,699

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

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Share Capital \$	Option Premium Reserve \$	Performance Share Reserve \$	Retained Earnings \$	Non- Controlling Interests \$	Total \$
AUDITED						
Balance at 1 July 2014	9,811,391	657,097	-	(10,700,486)	-	(231,998)
Consolidated loss for the year	-	-	-	(390,702)	-	(390,702)
Total comprehensive income for the year	-	-	-	(390,702)	-	(390,702)
Shares/Options issued during the year	1,679,013	2,977	-	-	-	1,681,990
Share/Option issue costs	(74,591)	-	-	-	-	(74,591)
Balance at 30 June 2015	11,415,813	660,074	-	(11,091,188)	-	984,699
UNAUDITED						
Balance at 1 July 2015	11,415,813	660,074	-	(11,091,188)	-	984,699
Consolidated loss for the year	-	-	-	(7,740,008)	10,617	(7,729,391)
Total comprehensive income for the year	-	-	-	(7,740,008)	10,617	(7,729,391)
Non-controlling interest arising on the acquisition of subsidiary	4,557,948	-	-	-	(124,220)	4,433,728
Shares/Options issued during the year	5,265,656	-	-	-	-	5,265,656
Shares issued on the acquisition of subsidiary		60,311	1,583,941	-	-	1,644,252
Share/Option issue costs	(137,097)	-	-	-	-	(137,097)
Balance at 30 June 2016	21,102,320	720,385	1,583,941	(18,831,196)	(113,603)	4,461,848

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

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Notes	UNAUDITED 2016 \$	AUDITED 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,463,066)	(615,782)
Receipts from customers		89,117	-
Interest received	2	62,729	19,118
Interest paid		(2,730)	(438)
Net cash used by operating activities	11.1	(1,313,951)	(597,102)
Cash flows from investing activities			
Payments for property, plant and equipment	5	(47,309)	-
Payments in relation to acquisition		(236,419)	(100,000)
Payments for intangible assets; development costs	7	(1,193,200)	-
Payments for intangible assets; intellectual property	7	(29,688)	-
Net cash generated by investing activities		(1,506,617)	(100,000)
Cash flows from financing activities			
Proceeds from issues of shares	9	5,265,458	1,679,013
Payments of share issue costs		(137,097)	(74,591)
Proceeds from issue of options		-	2,977
Net cash generated by financing activities		5,128,361	1,607,399
Net (decrease)/increase in cash and cash equivalents		2,307,793	910,297
Cash and cash equivalents at the beginning of the year		937,776	27,479
Cash and cash equivalents at the end of the year	11	3,245,569	937,776

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

Wangle Technologies Limited (the Company and controlled entities) is a listed public Company incorporated in Australia and operating in New Zealand and Singapore. The principal activity in the course of the financial year was the development and commercialisation of the Wangle Application.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1. *Basis of preparation*

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

The unaudited preliminary financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The unaudited preliminary financial statements are for the Group consisting of Wangle Technologies Limited and its subsidiaries.

The unaudited preliminary financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

1.2. *Statement of compliance*

The unaudited preliminary financial statements were authorised for issue by the directors on 31 August 2016.

The unaudited preliminary financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

1.3. *Significant accounting estimates and judgements*

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.4. *Going concern basis*

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

The Group has incurred a net loss after tax for the year ended 30 June 2016 of \$7,723,542 (2015: \$390,702), and a net cash outflow from operations of \$1,313,951 (2015: \$597,102). At 30 June 2016, the Group has net current assets of \$3,154,461 (2015: \$965,422) and net equity of \$4,461,848 (2015: \$984,699).

The Directors are satisfied that, having reviewed the performance of the Company and forecasts for the forthcoming year, the Group has adequate resources to enable it to continue in business for the

foreseeable future. For this reason, the Directors have adopted the going concern basis for the preparation of the unaudited preliminary consolidated financial statements.

1.5. Basis of consolidation

The unaudited preliminary consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting

under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors of Wangle Technologies Limited.

1.7. Functional currency translation

The unaudited preliminary consolidated financial statements are presented in Australian dollars (AUD\$), which is the Group's presentation currency unless otherwise stated.

Both the functional and presentation currency of Wangle Technologies and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations, NexGen Networks Limited is New Zealand Dollars (NZD).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Wangle Technologies at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

2. REVENUE

Operating Activities

	UNAUDITED 2016 \$	AUDITED 2015 \$
Revenue	53,977	-
Interest received	62,729	19,118
	<u>116,706</u>	<u>19,118</u>

3. LOSS PER SHARE

3.1. Basic loss per share

	UNAUDITED 2016 Cents per share	AUDITED 2015 Cents per share
From continuing operations	(0.012)	(0.001)
From discontinued operations	-	-
Total basic loss per share	<u>(0.012)</u>	<u>(0.001)</u>

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

	UNAUDITED 2016 \$	AUDITED 2015 \$
Loss for the year from continuing operations	(7,723,542)	(390,702)
Loss for the year	<u>(7,723,542)</u>	<u>(390,702)</u>

	UNAUDITED No.	AUDITED No.
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>666,055,037</u>	<u>270,298,607</u>

3.2. 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:

	UNAUDITED No.	AUDITED No.
Unlisted options exercisable at \$0.025 on or before 31 August 2018	62,034,867	99,019,734
Unlisted options exercisable at \$0.075 on or before 31 August 2018	5,000,000	-
Unlisted options exercisable at \$0.10 on or before 31 August 2018	5,000,000	-
Unlisted options exercisable at \$0.15 on or before 31 August 2018	5,000,000	-

4. TRADE AND OTHER RECEIVABLES

	UNAUDITED 2016 \$	AUDITED 2015 \$
Trade debtors	386,847	386,847
Provision for impairment (i)	(386,847)	(386,847)
Sundry debtors and prepayments	239,992	20,687
	<u>239,992</u>	<u>20,687</u>

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for the year ended 30 June 2016

(i) As at 30 June 2016, current trade receivables of the Group with a value of \$386,847 were impaired. The amount of the provision was \$386,847 (2015: \$386,847).

Trade receivables past due but not impaired

There were no other trade receivables past due but not impaired (2015: \$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.

5. PLANT AND EQUIPMENT

	UNAUDITED 2016 \$	AUDITED 2015 \$
Plant and equipment at cost	347,120	379,838
Accumulated depreciation and impairment	(343,075)	(374,841)
	4,045	4,997
Motor vehicles at cost	85,972	85,972
Accumulated depreciation	(74,411)	(71,692)
	11,561	14,280
Office equipment at cost	70,624	64,596
Accumulated depreciation	(64,596)	(64,596)
	6,028	-
Office furniture at cost	20,995	17,991
Accumulated depreciation	(18,032)	(17,991)
	2,963	-
Computer - at cost	63,712	-
Accumulated depreciation	(5,971)	-
	57,740	-
Total accumulated depreciation and impairment	82,337	19,277

Movement in Carrying Amounts:

	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Office Furniture \$	Computer Equipment \$	Total \$
Carrying amount at 30 June 2014	6,170	17,631	-	332	-	24,133
AUDITED						
Disposals	-	-	-	-	-	-
Depreciation expense	(1,173)	(3,351)	-	(332)	-	(4,856)
Carrying amount at 30 June 2015	4,997	14,280	-	-	-	19,277
UNAUDITED						
Acquisitions	-	-	6,028	3,005	63,712	74,744
Depreciation expense	(952)	(2,719)	-	(42)	(5,971)	(9,684)
Carrying amount at 30 June 2016	4,045	11,561	6,028	2,963	57,741	82,337

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

6. OTHER CURRENT ASSETS

Financial information relating to the other current asset is set out below:

	UNAUDITED 2016 \$	AUDITED 2015 \$
Balance at the beginning of the year	100,000	-
<i>Additions:</i>		
Payments in relation to acquisition	-	100,000
Total	-	100,000
<i>Less:</i>		
Acquisition of subsidiary	(100,000)	-
Balance at the end of the year	-	100,000

7. INTANGIBLE ASSETS

	UNAUDITED 2016 \$	AUDITED 2015 \$
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)
	-	-
Development costs capitalised during the period	1,195,362	-
Intellectual property cost capitalised during the period	29,688	-
	1,225,050	-

8. TRADE AND OTHER PAYABLES

	UNAUDITED 2016 \$	AUDITED 2015 \$
Current		
Unsecured trade creditors	219,552	27,071
Sundry creditors and accruals	71,375	65,969
	290,927	93,040

9. ISSUED CAPITAL

	UNAUDITED 2016 \$	AUDITED 2015 \$
717,744,168 fully paid ordinary shares (2015: 325,000,000)	21,102,320	11,415,813

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

9.1. Fully paid ordinary shares

	UNAUDITED 2016		AUDITED 2015	
	No.	\$	No.	\$
Balance at beginning of year	325,000,000	11,415,813	3,141,972,236	9,811,391
Shares issued at \$0.0005	-	-	1,385,000,000	692,500
Consolidation on a 1:20 basis	-	-	(4,300,623,565)	-
SPP Placement at \$0.01	-	-	98,651,329	986,513
Conversion of options	209,844,168	5,255,656	-	-
Prospectus placement \$0.05	200,000	10,000	-	-
Acquisition - A Class shares	182,700,000	4,557,948	-	-
Share issue costs	-	(137,097)	-	(74,591)
Balance at end of year	717,744,168	21,102,320	325,000,000	11,415,813

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.

9.2. Share options on issue

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

As at 30 June 2016, the Company has:

- 62,034,867 unlisted share options on issue (2015: 99,019,734) exercisable on a 1:1 basis for 62,034,867 shares (2015: 99,019,734) at an exercise price of \$0.025 cents on a post-consolidation basis. The options expire on 31 August 2015;
- 5,000,000 unlisted share options on issue (2015: NIL) exercisable on a 1:1 basis for 5,000,000 shares (2015: NIL) at an exercise price of \$0.075 cents on a post-consolidation basis. The options expire on 31 August 2015;
- 5,000,000 unlisted share options on issue (2015: NIL) exercisable on a 1:1 basis for 5,000,000 shares (2015: NIL) at an exercise price of \$0.10 cents on a post-consolidation basis. The options expire on 31 August 2015; and
- 5,000,000 unlisted share options on issue (2015: NIL) exercisable on a 1:1 basis for 5,000,000 shares (2015: NIL) at an exercise price of \$0.15 cents on a post-consolidation basis. The options expire on 31 August 2015;

During the year 209,844,168 options were converted into shares (2015: NIL).

10. RESERVES

	UNAUDITED 2016 \$	AUDITED 2015 \$
Option reserve balance at beginning of year	660,074	657,097
Options issued during the year	60,311	2,977
Option reserve balance at end of the financial year	720,385	660,074

WANGLE TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITY
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for the year ended 30 June 2016

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 2016 \$	AUDITED 2015 \$
Performance share reserve balance at beginning of year	0	0
Performance share issued during the year	1,583,941	0
Performance share reserve balance at end of the financial year	1,583,941	0

The reserve arises on the grant of performance shares to A Class Share vendors, consultants and advisors. As at 30 June 2016 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.

11. 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 2016 \$	AUDITED 2015 \$
Cash and bank balances	3,245,569	937,776

11.1. Reconciliation of (loss)/profit for the year to net cash flows from operating activities

(Loss)/profit for the year	(7,723,542)	(390,702)
Non-cash items		
Depreciation	9,684	4,856
Impairment of intangible assets	6,086,956	
Share based payments	357,846	
(Loss)/profit on disposal or write-off of plant and equipment	-	-
	6,454,486	(385,846)
Movements in working capital		
(Increase) in prepayments	(167)	(9,410)
(Increase) in trade and other receivables	(132,957)	(100,000)
(Decrease) in trade and other payables	88,229	(201,847)
Net cash used in operating activities	(1,313,951)	(697,103)

11.2. Non-cash transactions

In the prior year, the Group did not enter into any non-cash financing activities which are not reflected in the consolidated statement of cash flows.

12. CONTINGENT LIABILITIES ACQUISITION OF NEXGEN TECHNOLOGIES LIMITED (NEXGEN)

Potential non-cash consideration

The Company has agreed to grant to each of the B Class Vendors a 'Put Option' being the right to require the Company to purchase 100% of the NexGen B Class Shares on issue (being 34.75% of the total issued capital of NexGen).

The B Class Vendors may exercise the Put Option at any time within 12 months after the commencement date of 29 October 2015. Should the Company receive written notice from the B Class Vendors stating they wish to exercise the Put Option, the following will be issued as consideration:

- (a) 97,300,000 fully paid ordinary shares; and
- (b) 41,700,000 Performance Shares consisting of three equal classes (Class A – C) convertible into fully paid ordinary shares upon satisfaction of the relevant milestones for each class. Further details on the classes for performance shares has been disclosed within the Company's prospectus dated 22 December 2015.

The Directors' best estimate of the above equity issues is that it would have a \$2.144m impact on the Company's share capital and Statement of Comprehensive Income.

The timing of these issues is entirely within the control of the B Class Vendors as the execution of the Put Option is at their discretion.

There are currently no other contingent liabilities

13. BUSINESS COMBINATION

Current period

On 26 February 2016 Wangle Technologies Limited acquired 65.25% of the issued shares in NexGen Networks Limited, a New Zealand based software technology company, for consideration of \$5,953,708. The acquisition is expected to increase the group's market share and reduce cost through economies of scale.

Details of the purchase consideration, the net assets acquired and intangible assets acquired are as follows:

Purchase consideration:	
Cash paid	100,000
Acquisition Shares	5,853,708
Total purchase consideration	<u>5,953,708</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	FAIR VALUE
Cash	284,306
Receivables	92,029
PPE	25,435
Development Costs	2,162
Creditors	(111,456)
Loans	(549,943)
Net Identifiable assets acquired	<u>(257,467)</u>
<i>Less: Non-controlling interest (34.75%)</i>	(124,220)
<i>Add: Intangible assets fully impaired on acquisition</i>	<u>6,086,955</u>
	<u>5,953,708</u>

(i) Acquisition-related costs:

Acquisition-related costs of \$60,113 are included in share-based payments in the Statement of comprehensive income.

(ii) Contingent consideration:

The contingent consideration arrangement requires the Company to pay B Class shareholders in NexGen Networks Limited.

Refer to Note 13: Contingent Liabilities for further details

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 emphasis of matter for the audit opinion.



Andrew Haythorpe
Chairman

31 August 2016