Firstwave Cloud Technology Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Firstwave Cloud Technology Limited
ABN:	35 144 733 595
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

2. Results for announcement to the market

During the reporting period, Firstwave Cloud Technology Limited (the legal parent, previously known as Crestal Petroleum Limited ('Crestal')) acquired First Wave Technology Pty Ltd ('the legal subsidiary' or 'Firstwave'). The acquisition has been accounted for as a share-based payment and the principles of reverse acquisition accounting have been applied.

As a result of the acquisition, the comparative information represents the results for Firstwave only. The current year represents the consolidated entity comprising Firstwave for the entire year and Crestal from 5 May 2016 to 30 June 2016.

				$
Revenues from ordinary activities	up	37.4%	to	6,401,718
Loss from ordinary activities after tax attributable to the owners of Firstwave Cloud Technology Limited	down	10866.3%	to	(4,654,811)
Loss for the year attributable to the owners of Firstwave Cloud Technology Limited	down	10866.3%	to	(4,654,811)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $4,654,811 (30 June 2015: profit of $43,235).

The loss includes listing expenses of $2,932,498 (30 June 2015: $nil). The loss for the year also includes strategic investments in human capital in the expectation of future growth, by hiring key senior management and operational personnel increasing our headcount from 22 in the FY 2015 to 41 as at 30 June 2016.

Refer to the attached Operating and financial review for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.69	0.08

The net tangible assets per ordinary security is calculated based on 179,786,485 ordinary shares on issue as at 30 June 2016 and 103,787,824 ordinary shares that would have been in existence had the acquisition/group reorganisation occurred as at 30 June 2015.

4. Control gained over entities

On 5 May 2016, Firstwave Cloud Technology Limited (previously known as Crestal Petroleum Limited) acquired First Wave Technology Pty Ltd. For accounting purposes, the acquisition has been accounted for as a share-based payment and the principles of reverse acquisition accounting have been applied, as noted in section 2 above. Refer note 13 for further details.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

6. Attachments

Details of attachments (if any):

The Operating and financial review and Preliminary Financial Report of Firstwave Cloud Technology Limited for the year ended 30 June 2016 is attached.

7. Signed

Signed ______________________________ Date: 29 August 2016

Alexander Kelton
Chairman
Sydney

Operating review

Capital was raised through the reverse acquisition of Firstwave Technology Pty Limited ('Firstwave'), an internet security software business that has a decade old partnership with Telstra Corporation offering internet security solutions to a business and enterprise customer base. As a result of the acquisition, which was completed on the 5 May, 2016, the main focus of the company is now in the Information and Communications Technology market where it works closely with tier 1 and 2 telecommunications companies to be their Security as a Service cloud catalogue provider of choice.

During FY 2016, the consolidated entity undertook to raise capital and focus on building capability and capacity of its operations with significant investment in Product Development, Sales Marketing and Operational resources in Firstwave.

The consolidated entity's operations are currently based entirely in Australia, as is its customer base, with Telstra being its largest customer. The consolidated entity has plans to exploit the current opportunity internationally by replicating the Australian business model of partnering with telecommunication service providers as a go-to-market strategy in the international arena, Asia-Pacific and the UK in particular in mid to late FY 2017.

Financial review

a) Profit or loss performance

The consolidated entity's revenue for FY 2016 was $6.4 million, representing growth of 37% over the previous year (30 June 2015: $4.7 million), with a corresponding growth in margin of 44%.

This was mainly driven by growth in the cloud based infrastructure services industry. Telstra, being the largest telecommunication services provider in Australia, and also a key provider of public and private cloud services, is the company's largest trading partner. Growth in revenue reflects higher demand for the company's ESP© (Enterprise Specific Protection) solutions, and the roll out of the Cloud Gateway Protection Advanced ('CGPA') which increases the number of available services on the platform.

The company has reported a loss this year of $4.7 million after tax. The main contributors to this result were the recognition of non-cash share-based payment expenses of $1.5 million as a result of reverse acquisition and listing costs of $1.4 million (aggregating a total cost of listing of $2.9 million). The company has also invested a significant amount of resources in the expectation of future growth, hiring key senior management and operational personnel with the overall head count increasing from 22 to 41 during the year.

b) Statement of financial position

Net assets reflect those of the consolidated entity and include cash proceeds from the equity raising that occurred contemporaneously with the reverse acquisition.

With minimal debt, and given that a large part of the company's asset base is cash of $5.7 million and intangible assets i.e. capitalised development costs of $2.1 million (recognised in accordance with accounting standards and principles and that embody our intellectual property), the consolidated entity is well placed to embark upon its growth plans and to fund research and development activity to further build its intellectual property and stay ahead of competition.

Trade receivables of circa $1.5 million outstanding at 30 June 2016 have been mostly realised with just $0.02 million remaining outstanding. Trade receivables are generally realised within 45 days from the date invoiced.

Business review – strategies and prospects

Future growth is expected to be largely driven by the newly commercialised Next Generation Firewall ('NGFW') product offering.

Multiplier effect of new service offerings include:

- New services opening up new parts of the Cloud Security Services addressable market;
- New platform allows for rapid provisioning of current services and substantially reduces the time to introduce new accretive services; and
- Replication of platforms and services in international markets.

A partnership with world leading firewall hardware provider Palo Alto Networks (announced to the market on 22 July 2016), enables Firstwave to integrate additional security functionality into Telstra's offering.

To diversify customer concentration risk, the consolidated entity is pursuing additional telco partnerships in new international markets.

The above strategies position the consolidated entity well to manage and diversify its business risks, whilst at the same time addressing the need to stay competitive, in niche markets. In line with its growth expectations, the consolidated entity has moved to a new office that can accommodate a head count of over 70, so that it is not constrained by office space, in meeting its delivery expectations.

Firstwave Cloud Technology Limited

(Formerly known as Crestal Petroleum Limited)

ABN 35 144 733 595

Preliminary Financial Report - 30 June 2016

Firstwave Cloud Technology Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue			
Sales revenue	3	6,401,718	4,660,828
Cost of sales		(1,702,334)	(1,400,634)
Gross profit		4,699,384	3,260,194
Other income	4	232,949	445,376
Expenses			
Sales and marketing		(2,152,390)	(578,468)
Engineering and development		(1,352,675)	(818,808)
General and administration		(3,545,275)	(2,022,358)
Listing expenses	5	(2,932,498)	-
Finance costs	5	(106,568)	(126,259)
Total expenses		(10,089,406)	(3,545,893)
Profit/(loss) before income tax (expense)/benefit		(5,157,073)	159,677
Income tax (expense)/benefit		502,262	(116,442)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Firstwave Cloud Technology Limited		(4,654,811)	43,235
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Firstwave Cloud Technology Limited		(4,654,811)	43,235
		Cents	**Cents**
Basic earnings per share	11	(3.81)	0.05
Diluted earnings per share	11	(3.81)	0.05

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Firstwave Cloud Technology Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	6	5,772,415	389,255
Trade and other receivables		2,658,799	1,616,556
Income tax refund due		-	145,990
Share monies receivable		-	1,500,000
Other		760,024	486,368
Total current assets		9,191,238	4,138,169
Non-current assets			
Property, plant and equipment	7	709,997	119,086
Intangibles	8	2,088,012	1,807,152
Deferred tax		611,576	-
Prepayments		430,492	383,855
Total non-current assets		3,840,077	2,310,093
Total assets		13,031,315	6,448,262
Liabilities			
Current liabilities			
Trade and other payables		1,900,750	1,245,957
Borrowings		293,398	142,039
Employee benefits		370,577	278,093
Other		563,884	795,906
Total current liabilities		3,128,609	2,461,995
Non-current liabilities			
Borrowings		286,701	894,682
Deferred tax		-	27,676
Employee benefits		60,060	51,462
Provisions		152,649	-
Other		674,082	1,125,952
Total non-current liabilities		1,173,492	2,099,772
Total liabilities		4,302,101	4,561,767
Net assets		8,729,214	1,886,495
Equity			
Issued capital	9	15,773,846	4,436,261
Reserves		397,911	237,966
Retained earnings		(7,442,543)	(2,787,732)
Total equity		8,729,214	1,886,495

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

Consolidated	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2014	3,071,261	237,966	(2,830,967)	478,260
Profit after income tax expense for the year	-	-	43,235	43,235
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	43,235	43,235
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	1,365,000	-	-	1,365,000
Balance at 30 June 2015	4,436,261	237,966	(2,787,732)	1,886,495

Consolidated	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2015	4,436,261	237,966	(2,787,732)	1,886,495
Loss after income tax benefit for the year	-	-	(4,654,811)	(4,654,811)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(4,654,811)	(4,654,811)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	9,838,450	-	-	9,838,450
Shares to affect the deemed acquisition of Crestal Petroleum Limited (Refer note 9)	1,499,135	-	-	1,499,135
Share-based payment expense	-	159,945	-	159,945
Balance at 30 June 2016	15,773,846	397,911	(7,442,543)	8,729,214

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

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,494,331	3,213,693
Payments to suppliers and employees (inclusive of GST)		(9,375,418)	(3,153,711)
Interest received		17,066	16,937
Other revenue		15,883	-
Interest and other finance costs paid		(126,481)	(127,159)
Income taxes refunded		209,000	209,490
Net cash from/(used in) operating activities		(3,765,619)	159,250
Cash flows from investing activities			
Payments for property, plant and equipment		(545,168)	(43,423)
Payments for intangibles		(866,897)	(530,136)
Payments for security deposits		(133,776)	-
Net of cash acquired on reverse acquisition	13	34,312	-
Net cash used in investing activities		(1,511,529)	(573,559)
Cash flows from financing activities			
Proceeds from issue of shares		11,048,804	-
Share issue transaction costs		(579,000)	-
Proceeds from borrowings		248,215	-
Repayment of borrowings		(57,711)	(205,252)
Net cash from/(used in) financing activities		10,660,308	(205,252)
Net increase/(decrease) in cash and cash equivalents		5,383,160	(619,561)
Cash and cash equivalents at the beginning of the financial year		389,255	1,008,816
Cash and cash equivalents at the end of the financial year	6	5,772,415	389,255

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
On 5 May 2016, Firstwave Cloud Technology Limited (previously known as Crestal Petroleum Limited ('Crestal')) acquired First Wave Technology Pty Ltd ('the legal subsidiary' or 'Firstwave'). For accounting purposes, the acquisition has been accounted for as a share-based payment with the principles of reverse acquisition accounting applied.

These financial statements represent a continuation of those of Firstwave since that entity is deemed the accounting acquirer pursuant to accounting standards, and therefore the comparative information represents that of Firstwave. The current period financial statements represent those of the consolidated entity comprising Firstwave for the entire period and the legal parent (Crestal) from 5 May 2016 to 30 June 2016.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Firstwave Cloud Technology Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Firstwave Cloud Technology Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition of Firstwave by Crestal has been accounted as a share-based payment in accordance with AASB 2 'Share-based payments' and the consolidated financial statements represent a continuation of the financial statements of Firstwave. The comparative information is related to Firstwave operations and not that of Crestal. As a result, the comparatives will not compare to the consolidated financial results of Crestal Petroleum Limited published in prior financial reporting periods. Refer to 'Business Combination' accounting policy for further explanation of the accounting for this transaction.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Firstwave Cloud Technology Limited'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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Licensing and support income

Licensing and support income is recognised as soon as a contracted service is provisioned. Provisioning involves the setting up of a customer on the consolidated entity's platform, and the rendering of certain professional services to the customer to facilitate service delivery. As licensing is a subscription based model, license income is recognised over the term of the contract.

Professional services income

Fully managed services are recognised on a monthly basis as soon as a service is provisioned, in accordance with customer contracts.

Bespoke professional services are recognised on a milestone basis as per agreed terms and conditions in customer contracts and at least to the extent of recoverable costs incurred to date.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting all grant terms and conditions. Grants that are meant to fund expenditure on research and development are recognised over the periods when these costs are written off to profit or loss. Grants related to assets are carried forward as deferred income at fair value and are credited to other income over the expected useful life of the asset over a straight line basis.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	three years
Furniture and fittings	five years
Computer equipment	three to five years
Computer platform	two to three years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Note 1. Significant accounting policies (continued)

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website
Significant costs associated with the development of the website, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Capitalised development costs
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (including those arising from the development phase of an internal project) are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the internal development and their costs can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of five to seven years.

Patents
Significant costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five to seven years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Borrowings
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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 1. Significant accounting policies (continued)

Acquisition of First Wave Technology Pty Ltd
During the financial year, First Wave Technology Pty Ltd's original shareholders obtained a majority share interest in Crestal Petroleum Limited (now known as Firstwave Cloud Technology Limited) after the acquisition transaction. This transaction did not meet the definition of a business combination in AASB 3 'Business Combinations'. The transaction has therefore been accounted for in the consolidated financial statements in accordance with AASB 2 'Share-based Payment' and as a continuation of the financial statements of First Wave Technology Pty Ltd, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of Crestal Petroleum Limited. The deemed issue of shares is, in effect, a share-based payment transaction where First Wave Technology Pty Ltd is deemed to have received the net assets of Crestal Petroleum Limited, together with the listing status of Crestal Petroleum Limited. The overall accounting effect is very similar to that of a reverse acquisition as per AASB 3 with the following principles having been applied:

- fair value adjustments arising at acquisition were made to Crestal Petroleum Limited's assets and liabilities and not to those of First Wave Technology Pty Ltd;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the notional amount of shares that First Wave Technology Pty Ltd would have needed to issue to acquire the same shareholding percentage in Crestal Petroleum Limited at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of First Wave Technology Pty Ltd;
- a shared-based payment transaction arises whereby First Wave Technology Pty Ltd is deemed to have issued shares in exchange for the net assets of Crestal Petroleum Limited (together with its listing status). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a share-based payment listing expense;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Crestal Petroleum Limited, including the equity instruments issued to affect the acquisition;
- the results for the financial year ended 30 June 2016 comprise the consolidated results for the year of First Wave Technology Pty Ltd together with the results of Crestal Petroleum Limited from 5 May 2016 to 30 June 2016; and
- the comparative results represents the consolidated results of First Wave Technology Pty Ltd only.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Firstwave Cloud Technology Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Capitalised development costs
Distinguishing the research and development phases of a new customised product and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Revenue

	Consolidated	
	2016 $	2015 $
License and support revenue	4,652,183	3,445,553
Professional services revenue	1,749,535	1,215,275
Total revenue	6,401,718	4,660,828

Note 4. Other income

	Consolidated	
	2016 $	2015 $
R & D Grant income	215,883	428,382
Interest income	17,066	16,994
Other income	232,949	445,376

Note 5. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Profit/(loss) before income tax includes the following specific expenses:		
Cost of sales		
Cost of licenses	1,702,334	1,400,634
Depreciation		
Leasehold improvements	7,828	336
Furniture and fittings	1,070	1,250
Computer equipment	77,425	31,268
Computer platform	7,479	2,766
Total depreciation	93,802	35,620
Amortisation		
Website	541	677
Capitalised development costs	572,961	541,848
Patents	12,535	12,535
Total amortisation	586,037	555,060
Total depreciation and amortisation	679,839	590,680
Listing expenses include the following:		
Share-based payment listing expense (refer note 13)	1,582,198	-
Legal and professional expenses	1,350,300	-
Total listing expenses	2,932,498	-
Finance costs		
Interest and finance charges paid/payable	106,568	126,259
Net foreign exchange variance		
Net foreign exchange variance (included in cost of sales above)	(116,278)	33,600
Rental expense relating to operating leases		
Minimum lease payments	170,055	112,484
Employee benefit expenses		
Employee salaries and other benefits	5,094,541	1,842,574
Defined contribution superannuation expense	332,027	170,298
Share-based payments expenses	159,945	-
Total Employee benefit expenses	5,586,513	2,012,872

Note 6. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash on hand	1,000	1,000
Cash at bank	5,771,415	388,255
	5,772,415	389,255

Note 7. Non-current assets - property, plant and equipment

	Consolidated 2016 $	Consolidated 2015 $
Leasehold improvements - at cost	491,839	13,445
Less: Accumulated depreciation	(7,828)	(341)
	484,011	13,104
Furniture and fittings - at cost	15,488	14,915
Less: Accumulated depreciation	(10,157)	(9,087)
	5,331	5,828
Computer equipment - at cost	755,988	570,892
Less: Accumulated depreciation	(550,710)	(473,285)
	205,278	97,607
Computer platform - at cost	234,930	214,621
Less: Accumulated depreciation	(219,553)	(212,074)
	15,377	2,547
	709,997	119,086

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Furniture and fittings $	Computer equipment $	Computer platform $	Total $
Balance at 1 July 2014	13,440	5,683	50,551	5,313	74,987
Additions	-	1,395	78,324	-	79,719
Depreciation expense	(336)	(1,250)	(31,268)	(2,766)	(35,620)
Balance at 30 June 2015	13,104	5,828	97,607	2,547	119,086
Additions	491,839	573	185,096	20,309	697,817
Write off of assets	(13,104)	-	-	-	(13,104)
Depreciation expense	(7,828)	(1,070)	(77,425)	(7,479)	(93,802)
Balance at 30 June 2016	484,011	5,331	205,278	15,377	709,997

Note 8. Non-current assets - intangibles

	Consolidated 2016 $	Consolidated 2015 $
Website - at cost	11,557	11,557
Less: Accumulated amortisation	(9,391)	(8,850)
	2,166	2,707
Capitalised development costs - at cost	7,435,968	6,576,693
Less: Accumulated amortisation	(5,395,340)	(4,822,379)
	2,040,628	1,754,314
Patents - at cost	70,288	62,666
Less: Accumulated amortisation	(25,070)	(12,535)
	45,218	50,131
	2,088,012	1,807,152

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Website $	Capitalised development costs $	Patents $	Total $
Balance at 1 July 2014	3,384	1,766,026	52,901	1,822,311
Additions	-	530,136	9,765	539,901
Amortisation expense	(677)	(541,848)	(12,535)	(555,060)
Balance at 30 June 2015	2,707	1,754,314	50,131	1,807,152
Additions	-	859,275	7,622	866,897
Amortisation expense	(541)	(572,961)	(12,535)	(586,037)
Balance at 30 June 2016	2,166	2,040,628	45,218	2,088,012

Note 9. Equity - issued capital

	Consolidated 2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares - fully paid	179,786,485	83,030,252	15,773,846	4,436,261

Note 9. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2014	7,979,984	3,071,261
Share split 9.23 shares issued for 1 share held	27 June 2015	65,675,268	-
Issue of shares	29 June 2015	9,375,000	1,500,000
Share issue transaction costs, net of tax		-	(135,000)
Balance	30 June 2015	83,030,252	4,436,261
Issue of shares	31 August 2015	3,125,000	500,000
Issue of shares	1 October 2015	1,243,750	199,000
Issue of shares	25 October 2015	2,565,625	410,500
Issue of shares	3 December 2015	1,725,000	276,000
Issue of shares	20 December 2015	715,625	114,500
Issue of shares on conversion of convertible notes	5 May 2016	8,996,989	647,126
Issue of shares on exercise of options	5 May 2016	3,692,000	221,520
Issue of shares on capital raising	5 May 2016	40,000,000	8,000,000
Issue of shares on exercise of options	5 May 2016	738,400	48,804
Share split 1.25 shares issued for 1 share held	5 May 2016	26,458,169	-
Share issue transaction costs, net of tax		-	(579,000)
Shares to affect the deemed acquisition of Crestal Petroleum Limited (Refer note 13)	5 May 2016	7,495,675	1,499,135
Balance	30 June 2016	179,786,485	15,773,846

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 11. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Profit/(loss) after income tax attributable to the owners of Firstwave Cloud Technology Limited	(4,654,811)	43,235

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	122,125,559	92,133,286
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	2,942,063
Weighted average number of ordinary shares used in calculating diluted earnings per share	122,125,559	95,075,349

Note 11. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(3.81)	0.05
Diluted earnings per share	(3.81)	0.05

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to capital reorganisation which occurred during the financial year.

22,070,000 options have not been included in the 2016 weighted average number of shares as they were anti-dilutive (30 June 2015: 13,842,174 options and convertible notes)

Note 12. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Share-based payment - reverse acquisition

As detailed in note 1, on 5 May 2016, Firstwave Cloud Technology Limited (previously known as Crestal Petroleum Limited ('Crestal')) acquired First Wave Technology Pty Ltd ('the legal subsidiary' or 'Firstwave'). For accounting purposes, the acquisition has been accounted for as a share-based payment with the principles of reverse acquisition accounting applied.

The purchase consideration was the issue of 7,495,675 shares in Firstwave Cloud Technology Limited (legal parent) to the shareholders of Crestal and is deemed to have a value of $1,499,135 determined based on the Firstwave Cloud Technology Limited capital raising issue price of $0.20 per share.

	Consolidated 2016 $
Assets and liabilities acquired:	
Cash and cash equivalents	34,312
Other receivables	41,290
Trade and other payables	(158,665)
Net liabilities acquired	(83,063)

Cash and cash equivalents acquired on reverse acquisition $34,312.

	Consolidated 2016 $
Deemed Crestal Petroleum Limited issued capital:	
Historical issued capital balance as at 30 June 2015	21,862,140
Shares issued during the period before acquisition	980,000
Less: Reduction of capital on acquisition	(22,842,140)
Shares issued to affect the deemed acquisition of Crestal	1,499,135
Total Crestal Petroleum Limited issued capital on completion of transaction	1,499,135

Note 13. Share-based payment - reverse acquisition (continued)

	Consolidated 2016 $
Deemed Crestal Petroleum Limited retained earnings:	
Historical retained earnings balance as at 30 June 2015	(26,141,964)
Losses incurred during the period before acquisition	(3,081,996)
Elimination of Crestal Petroleum Limited pre-acquisition retained earnings	29,223,960
Issue of shares to effect the reverse acquisition of Crestal Petroleum Limited	1,499,135
Add: Net liabilities acquired	83,063
Share-based payment listing expenses	1,582,198