

iWebGate Limited

ABN 55 141 509 426

Appendix 4E Preliminary Final Report for the year ended 30 June 2016

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Audit / review

This report is based on the consolidated financial statements which are in the process of being audited by BDO Audit (WA) Pty Ltd.

Reporting period: For the year ended 30 June 2016
 Previous period: For the year ended 30 June 2015

Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	16.6%	to	1,112
Loss from ordinary activities after tax attributable to the owners of iWebGate Limited	up	33.7%	to	(9,920)
Loss for the year attributable to the owners of iWebGate Limited	up	33.7%	to	(9,920)

Dividends

No dividends have been declared for the year ended 30 June 2016 or for the previous corresponding period.

Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.0105)</u>	<u>0.0001</u>

Control gained / lost over entities

Name of entities (or group of entities) None

Details of associates and joint venture entities

None

About iWebGate

iWebGate Limited (iWebGate or the Company) is a technology company providing network solutions to organisations of all sizes. iWebGate's software creates a new network of communication environment out front of firewalls. To compliment this innovation, iWebGate created interlinking technology ensuring trusted computer devices, applications and users connect through this best practice design.

For the first time, iWebGate's software is enabling large and influential partners to deliver best of breed security and a wide range of mobility solutions as-a-Service to their customers. Our patented and multi-award winning software is currently available through the Telstra Marketplace with plans to rapidly expand offerings in the US and Europe.

iWebGate is well positioned to help many enterprises and government agencies network better. The worldwide cyber security and mobility market continues to grow rapidly and is expected to increase from US\$75 billion in 2015 to US\$170 billion by 2020.

Restructuring

As part of the Company's transformation and technology commercialisation strategy, iWebGate is undertaking significant changes to its board and senior management. Executive Chairman, James Tsiolis has stepped into the role of CEO on an interim basis, until a permanent CEO is appointed. Accordingly, CEO and co-founder Tim Gooch has moved into a new role as Director of Innovation and Business Development, to oversee the commercial development with strategic partners. Robert Hayden has joined the management team as the company COO looking after all Sales and Operation activities. These changes are effective immediately.

The incoming management of iWebGate have initiated a complete review of the current business and report that substantial cost savings have been identified and implemented. Management will continue to look to take cost out of the business where possible, enabling the Company to focus on customer growth and accelerating near term revenue generation.

iWebGate Limited
Appendix 4E
Preliminary final report

Financial Position

On 3 August 2016 the Company completed a fund raising for \$8,000,000 and received \$5,600,000 in tranche 1 under its existing placement capacity and will receive \$2,400,000 in tranche 2 following shareholder approval. A notice of shareholders meeting is being completed and a shareholders meeting will be called as soon as possible.

During August the Company has paid down \$2,186,987 of its finance facilities.

Overview of Results

The net loss for the consolidated entity amounted to \$9,919,960 (30 June 2015 \$7,421,847).

The loss included one off financing costs of \$3,076,492 comprising \$985,290 legal and other costs, \$1,049,046 other non-cash borrowing cost, and \$916,512 option valuation costs (see Note 9), and \$125,644 interest costs.

The loss included: (a) sales, marketing, and travel costs of \$2,692,350 comprising corporate \$233,549, Australia market \$1,231,399, Europe market \$612,970, US market \$614,432; (b) administration, office, and corporate costs of \$1,522,181 comprising corporate \$865,679, Australia market \$328,928, US market \$327,573; and (c) development and commercialization costs of \$3,573,793 comprising Australian costs \$2,156,100 and US costs \$1,417,693.

The consolidated financial statements are in the process of being audited and are likely to contain an independent audit report that is subject to a modified opinion with an emphasis of matter going concern paragraph.

General information

The financial statements cover iWebGate Limited as a consolidated entity consisting of iWebGate Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is iWebGate Limited's functional and presentation currency.

iWebGate Limited (ASX:IWG) is a listed public company limited by shares, incorporated and domiciled in Australia.

iWebGate Limited
Preliminary consolidated statement of profit or loss and other
comprehensive income
For the year ended 30 June 2016



	Note	Consolidated 2016 \$	2015 \$
Revenue	1	296,996	455,666
Other Income	1	814,754	497,517
Expenses			
Sales, Marketing, Travel		2,692,350	1,078,647
Admin, Office, Corporate		1,522,181	709,831
Development & Commercialisation		3,573,793	3,991,632
Finance costs	2	3,076,492	125,874
Employee benefits expense	2	34,499	111,518
Depreciation expense	2	19,302	22,515
Impairment of receivables	2	113,093	331,253
Listing expenses on acquisition of iWebGate		-	2,003,760
		<u>11,031,710</u>	<u>8,375,030</u>
(Loss) before income tax expense		(9,919,960)	(7,421,847)
Income tax expense		-	-
(Loss) after income tax expense for the year		(9,919,960)	(7,421,847)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(80,788)	(76,647)
Other comprehensive income (loss) for the year, net of tax		(80,788)	(76,647)
Total comprehensive loss for the year		<u>(10,000,748)</u>	<u>(7,498,494)</u>
(Loss) attributable to members of the parent entity		(9,919,960)	(7,421,847)
Total comprehensive loss attributable to members of the parent entity		(10,000,748)	(7,498,494)
		Cents	Cents
(Loss) per share from continuing operations			
Basic earnings/(loss) per share		(0.02)	(0.02)
Diluted earnings per/(loss) share		(0.02)	(0.02)

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

iWebGate Limited
Preliminary consolidated statement of financial position
As at 30 June 2016



	Note	Consolidated 2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	3	377,045	1,741,857
Trade and other receivables	4	78,598	698,482
Total current assets		<u>455,643</u>	<u>2,440,339</u>
Non-current assets			
Property, plant and equipment	5	26,145	30,034
Total non-current assets		<u>26,145</u>	<u>30,034</u>
Total assets		<u>481,788</u>	<u>2,470,373</u>
Liabilities			
Current liabilities			
Trade and other payables	6	1,847,942	550,908
Employee benefits	7	176,904	111,518
Borrowings	9	3,827,434	-
Other	8	168,214	436,307
Total current liabilities		<u>6,020,494</u>	<u>1,098,733</u>
Non-current liabilities			
Borrowings	10	1,149,416	1,304,755
Total non-current liabilities		<u>1,149,416</u>	<u>1,304,755</u>
Total liabilities		<u>7,169,910</u>	<u>2,403,488</u>
Net liabilities		<u>(6,688,122)</u>	<u>66,885</u>
Equity			
Issued capital	11	15,682,329	13,353,100
Reserves	12	748,818	(86,906)
Accumulated losses	13	(23,119,269)	(13,199,309)
Total equity / deficiency		<u>(6,688,122)</u>	<u>66,885</u>

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

iWebGate Limited
Preliminary consolidated statement of changes in equity
For the year ended 30 June 2016



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total Equity / deficiency \$
Balance at 1 July 2014	2,782,407	(10,259)	(5,777,462)	(3,005,314)
Total comprehensive loss for the year	-	(76,647)	(7,421,847)	(7,498,494)
<i>Transactions with owners in their capacity as owners:</i>				
Share issue	7,045,500	-	-	7,045,500
Capital raising costs	(470,792)	-	-	(470,793)
Cost of listing (Facilitation shares)	200,000	-	-	200,000
Shares issued for acquisition of asset	3,795,985	-	-	3,795,985
Balance at 30 June 2015	<u>13,353,100</u>	<u>(86,906)</u>	<u>(13,199,309)</u>	<u>66,885</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total Equity / deficiency \$
Balance at 1 July 2015	13,353,100	(86,906)	(13,199,309)	66,885
Total comprehensive loss for the year	-	(80,788)	(9,919,960)	(10,000,748)
<i>Transactions with owners in their capacity as owners:</i>				
Share issue	2,556,697	-	-	2,556,697
Options issued	-	916,512	-	916,512
Capital raising costs	(227,468)	-	-	(227,468)
Balance at 30 June 2016	<u>15,682,329</u>	<u>748,818</u>	<u>(23,119,269)</u>	<u>(6,688,122)</u>

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

iWebGate Limited
Preliminary consolidated statement of cash flows
For the year ended 30 June 2016



	Note	Consolidated 2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		246,323	779,910
Payments to suppliers and employees		(7,452,822)	(5,914,302)
		<u>(7,206,499)</u>	<u>(5,134,392)</u>
Grants received		1,312,271	-
Interest received		11,577	24,372
Interest and other finance costs paid		(54,858)	(33,659)
		<u>(5,937,509)</u>	<u>(5,143,679)</u>
Net cash used in operating activities	14		
Cash flows from investing activities			
Payments for property, plant and equipment		(15,413)	(32,419)
Refund (Payments) for security deposits		48,370	(109,184)
Cash acquired on acquisition		-	53,574
		<u>32,957</u>	<u>(88,029)</u>
Net cash from (used in) investing activities			
Cash flows from financing activities			
Proceeds from issue of shares		2,556,697	7,045,500
Share issue transaction costs		(227,468)	(470,791)
Loan advanced		-	(274,818)
Proceeds from borrowings		4,104,342	1,000,000
Repayment of borrowings		(1,594,542)	(865,694)
Borrowing transaction costs		(299,289)	-
		<u>4,539,740</u>	<u>6,434,197</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		(1,364,812)	1,202,489
Cash and cash equivalents at the beginning of the financial year		1,741,857	539,368
		<u>377,045</u>	<u>1,741,857</u>
Cash and cash equivalents at the end of the financial year	3		

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

Note 1. Revenue	Consolidated	
	2016	2015
	\$	\$
Revenue		
Sales revenue	285,419	431,294
Interest	11,577	24,372
Revenue from continuing operations	<u>296,996</u>	<u>455,666</u>
<i>Other Income</i>		
Grants and R&D Refund	<u>814,754</u>	<u>497,517</u>
Note 2. Expenses	Consolidated	
	2016	2015
	\$	\$
<i>Finance costs</i>		
Borrowing costs		
- Other non-cash valuation cost (see note 9)	1,049,046	-
- Options non-cash valuation cost (see Note 9)	916,512	-
	<u>1,965,558</u>	<u>-</u>
Legal and other costs	985,290	-
Interest paid/payable	<u>125,644</u>	<u>125,874</u>
	<u>3,076,492</u>	<u>125,874</u>
<i>Employee benefits expense</i>		
Annual leave	<u>34,499</u>	<u>111,518</u>
<i>Depreciation expense</i>		
Property, plant and equipment	<u>19,302</u>	<u>22,515</u>
<i>Impairment of receivables</i>		
Trade receivables	113,093	56,435
Other receivables	-	274,818
	<u>113,093</u>	<u>331,253</u>
Note 3. Current assets - cash and cash equivalents	Consolidated	
	2016	2015
	\$	\$
Cash at bank	<u>377,045</u>	<u>1,741,857</u>
Note 4. Current assets - trade and other receivables	Consolidated	
	2016	2015
	\$	\$
Trade receivables	169,528	130,432
Grants and R&D Refund	-	497,517
Security deposits	75,598	126,968
Other receivables	-	274,818
Less: Provision for impairment of receivables	<u>(169,528)</u>	<u>(331,253)</u>
	<u>78,598</u>	<u>698,482</u>

iWebGate Limited
Notes to the financial statements
30 June 2016

Note 5. Non-current assets - property, plant and equipment	Consolidated	
	2016	2015
	\$	\$
Plant and equipment - at cost	118,694	103,061
Less: Accumulated depreciation	(92,549)	(73,027)
	<u>26,145</u>	<u>30,034</u>

Note 6. Current liabilities - trade and other payables	Consolidated	
	2016	2015
	\$	\$
Trade payables	<u>1,847,942</u>	<u>550,908</u>

Note 7. Current liabilities - Employee benefits	Consolidated	
	2016	2015
	\$	\$
Employee benefits	<u>176,904</u>	<u>111,518</u>

Note 8. Current liabilities - other	Consolidated	
	2016	2015
	\$	\$
Accrued expenses	83,025	436,307
Subscription funds received in advance	85,189	-
	<u>168,214</u>	<u>436,307</u>

Note 9. Current liabilities - borrowings	Consolidated	
	2016	2015
	\$	\$
February 2016 finance facility	250,000	-
March 2016 finance facility	1,725,701	-
June 2016 finance facility	802,675	-
Other loans	1,049,058	1,216,689
	<u>3,827,434</u>	<u>1,304,755</u>

Note 10. Non-current liabilities - borrowings	Consolidated	
	2016	2015
	\$	\$
March 2016 finance facility	871,519	-
Related party loans	63,076	88,066
Other loans	214,821	1,216,689
	<u>1,149,416</u>	<u>1,304,755</u>

Borrowings - Fair Value Measurement

October 2015 finance facility

On 16 October 2015 the Company entered into a debt facility under which \$950,000 was received, the debt facility had a face value of \$1,000,000. A total of 2,139,037 unlisted Options with an exercise price of \$0.187 and an expiry date of 4 November 2020 were issued to the parties advancing loan funds. For the purposes of the Australian Accounting Standards the Options are required to be valued and accounted for as a financing cost over the life of the debt facility, the valuation model inputs used to determine the fair value of the Options, are included in the following table. The total finance cost of the debt facility is \$332,353 comprising the Options fair value of \$282,353 plus the \$50,000 subscription discount. This debt was repaid from the funds received from the March 2016 facility.

iWebGate Limited
Notes to the financial statements
30 June 2016

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

February 2016 finance facility

On 26 February 2016 the Company entered into a \$250,000 debt facility with the lenders under the October 2015 finance facility as in settlement for the repayment of the October finance facility, no funds were received. The finance facility is repayable on 26 February 2017 and has interest payable quarterly at 10% per annum. This debt facility may be converted into Shares at any time after 1 January 2017 or on an event of default at the lower of: (i) the lowest price per Share at which the Company undertakes a rights issue or placement of Shares before 31 December 2016; or (ii) 90% of the lowest volume weighted average price of Shares on ASX over the last 5 trading days on which Shares are traded immediately preceding the date of conversion; and before 1 January 2017 at 90% of the price per Share at which the Company undertakes the capital raising on which the conversion is based. The total finance cost of the debt facility is the \$250,000 subscription discount.

March 2016 finance facility

On 14 March 2016 the Company entered into a share purchase and convertible security agreement comprising a US\$1,920,000 convertible facility, under which US\$1,600,000 (A\$2,113,142) was received, and an equity facility of up to US\$6,975,000, under which US\$275,000 (A\$372,303) was drawdown and received. Under the convertible facility US\$312,334 (A\$303,950) has been repaid by the issue of 3,772,887 shares and under the equity facility US\$200,000 (A\$270,591) has been repaid by the issue of 4,696,707 Shares.

A total of 10,000,000 collateral shares were issued under the facility and are to be purchased at a price being a 90% of three daily volume weighed average prices selected by the lender within the 20 trading days preceding the payment date on or before 15 March 2018, if the shares are not purchased then the shares are to be returned to the Company for cancellation. For the purposes of the Australian Accounting Standards the discount price is required to be valued and accounted for as a financing cost over the life of the debt facility, based on the share price at 30 June 2016 the discount equals \$50,000.

A total of 1,500,000 unlisted options with an exercise price of \$0.1412 and an expiry date of 8 March 2019, and 8,500,000 unlisted options with an exercise price of \$0.147 and an expiry date of 16 March 2019 were issued to the parties advancing loan funds. For the purposes of the Australian Accounting Standards the Options are required to be valued and accounted for as a financing cost over the life of the debt facility, the valuation model inputs used to determine the fair value of the options are included in the following table.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
08/03/2016	08/03/2019	\$0.11	\$0.1412	100.00%	0.00%	3.22%	\$0.064
16/03/2016	16/03/2016	\$0.11	\$0.147	100.00%	0.00%	3.22%	\$0.063

On 22 August 2016 the Company entered into a settlement deed in relation to the March 2016 finance facility pursuant to which the parties agreed that following the Company making cash payments in the amount of US\$1,889,759 (A\$2,547,220) representing the amount owing to by the Company under the March 2016 finance facility plus a premium to be paid by the Company for early discharge. The Company has paid US\$1,417,319 (A\$1,912,712) on 22 August 2016 and is to make the balance payment of US\$472,440 by no later than 15 October 2016. The total finance cost of the debt facility is \$1,249,426 comprising the US\$320,000 (A\$420,444) subscription discount, the \$50,000 collateral shares discount value, the Options fair value of \$634,159, and the payout premium of \$144,823.

June 2016 finance facility

On 28 June 2016 the Company entered into a US\$500,000 (A\$668,896) debt facility and bears interest at a rate of 20% for the duration of the term of the loan. The repayment of the Loan comprises: (a) US\$200,000 (A\$274,275) in cash, which was paid by the Company on 12 August 2016; (b) US\$200,000 to be repaid to the Lenders in shares in October 2016 at an issue price of A\$0.02 per Share and to be escrowed for a period of 12 months from the date of issue; (c) US\$200,000 to be repaid to the Lenders in shares in October 2016 at an issue price which is equal to 80% of the volume weighted average price of the Company's Shares on ASX over the last 10 days on which the Company's Shares traded on ASX immediately preceding repayment. The total finance cost of the debt facility is the US\$100,000 (A\$133,779) interest payable.

iWebGate Limited
Notes to the financial statements
30 June 2016

Note 11. Equity

Issued capital	2016	Consolidated		2015
	Shares	2015	2016	2015
		Shares	\$	\$
Ordinary shares - fully paid	<u>639,298,019</u>	<u>609,059,604</u>	<u>15,682,329</u>	<u>13,353,100</u>
<i>Movements in ordinary share capital</i>				
Details	Date	No of shares	Issue price	\$
Opening balance	1 Jul 2014	11,434,918		2,782,407
Issue of shares	4 Dec 2014	12,501,250	\$0.40	5,000,500
Share issue transaction costs, net of tax	4 Dec 2014	-		(344,524)
Facilitation shares		5,000,000		200,000
Shares for acquisition of iWebGate Group, Deemed consideration on acquisition		465,972,916		3,795,985
Shares in iWebGate on completion of acquisition		115,360,438		-
iWebgate Group shares eliminated on completion of acquisition		(11,434,918)		-
Issue of shares	24 Jun 2015	10,225,000	\$0.20	2,045,000
Share issue transaction costs, net of tax	24 Jun 2015	-		(126,268)
Closing balance	30 Jun 2015	<u>609,059,604</u>		<u>13,353,100</u>
Opening balance	1 Jul 2015	609,059,604		13,353,100
Issue of shares	23 Oct 2015	10,592,350	\$0.17	1,800,700
Issue of shares	4 Nov 2015	1,176,471	\$0.17	200,000
Share issue transaction costs, net of tax		-		(227,468)
Borrowing collateral shares ¹	16 Mar 2016	10,000,000		-
Borrowing repayment in shares ¹	22 Apr 2016	1,602,737	\$0.086	137,835
Equity drawdown ¹	10 May 2016	1,464,601	\$0.07	102,522
Borrowing repayment in shares ¹	20 May 2016	2,170,150	\$0.068	147,570
Equity drawdown ¹	10 Jun 2016	3,232,106	\$0.052	168,070
Closing balance	30 Jun 2016	<u>639,298,019</u>		<u>15,682,329</u>

¹ Refer to Note 9 March 2016 finance facility

Note: 308,008,973 shares are escrowed until 17 December 2016.

Options	2016	Consolidated	
	Options	2015	Options
Options	<u>23,907,857</u>		<u>-</u>
<i>Movements in options</i>			
Details	Date	No of options	Exercise price
Opening balance	1 Jul 2015	-	
Expiry date of 31 October 2017	23 Oct 2015	10,592,350	\$0.25
Expiry date of 31 October 2017	4 Nov 2015	1,176,471	\$0.25
Expiry date of 4 November 2020	4 Nov 2015	2,139,036	\$0.187
Expiry date of 8 March 2019	8 Mar 2016	1,500,000	\$0.1412
Expiry date of 16 March 2019	16 Mar 2016	8,500,000	\$0.147
Closing balance	30 Jun 2016	<u>23,907,857</u>	

On 23 October 2015 pursuant to a placement the company issued 10,592,350 shares at \$0.17 per share and 10,592,350 attaching unlisted options exercisable at \$0.25 with an expiry date of 31 October 2017 for nil consideration.

On 4 November 2015 pursuant to a placement the company issued 1,176,471 shares at \$0.17 per share and 1,176,471 attaching unlisted options exercisable at \$0.25 with an expiry date of 31 October 2017 for nil consideration.

On 4 November 2015 pursuant to the October 2015 finance facility the company issued 2,139,036 unlisted options exercisable at \$0.187 with an expiry date of 4 November 2020 for nil consideration.

On 8 March 2016 pursuant to the March 2016 finance facility the company issued 1,500,000 unlisted options exercisable at \$0.1412 with an expiry date of 8 March 2019 for nil consideration.

On 16 March 2016 pursuant to the March 2016 finance facility the company issued 10,000,000 collateral shares for nil consideration and 8,500,000 unlisted options exercisable at \$0.147 with an expiry date of 14 March 2019 for nil consideration. The collateral shares are to be purchased at a price being a 90% of three daily volume weighed average prices selected by the lender within the 20 trading days preceding the payment date on or before 15 March 2018, if the shares are not purchased then the shares are to be returned to the Company for cancellation.

On 22 April 2016 pursuant to the March 2016 finance facility the company issued 1,602,737 shares at \$0.086 per share for a US\$106,667 repayment of debt.

On 10 May 2016 pursuant to the March 2016 finance facility the company issued company issued 1,464,601 shares at \$0.07 per share in settlement of US\$75,000 equity drawdown.

On 20 May 2016 pursuant to the March 2016 finance facility the company issued 2,170,150 shares at \$0.068 per share for a US\$106,667 repayment of debt.

On 10 June 2016 pursuant to the March 2016 finance facility the company issued company issued 3,232,106 shares at \$0.052 per share in settlement of US\$125,000 equity drawdown.

Note 12. Equity - reserves

	Consolidated	
	2016	2015
	\$	\$
Foreign currency reserve	(167,694)	(86,906)
Option reserve	916,512	-
	<u>748,818</u>	<u>(86,906)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Options reserve

This reserve is used to record the value of equity benefits provided for the issue of options.

	Consolidated	\$
	2016	2015
Balance 1 July	-	-
October 2015 finance facility 2,139,036 unlisted options (see Note 9)	282,353	-
March 2016 finance facility 1,500,000 unlisted options (see Note 9)	96,246	-
March 2016 finance facility 8,500,000 unlisted options (see Note 9)	537,913	-
Balance 30 June	<u>916,512</u>	<u>-</u>

Note 13. Accumulated losses	Consolidated	
	2016	2015
	\$	\$
Accumulated losses at the beginning of the financial year	13,199,309	5,777,462
Loss after income tax expense for the year	9,919,960	7,421,847
	<hr/>	<hr/>
Accumulated losses at the end of the financial year	<u>23,119,269</u>	<u>13,199,309</u>
	<hr/>	
Note 14. Reconciliation of loss after income tax to net cash from operating activities	Consolidated	
	2016	2015
	\$	\$
Loss after income tax expense for the year	(9,919,960)	(7,421,847)
Adjustments for:		
Depreciation and amortisation	19,302	22,515
Foreign exchange differences	(80,788)	(76,647)
Impairment of receivables	113,093	331,253
Interest accrued on loans	42,199	92,215
Borrowing options valuation (see Note 9)	916,512	-
Borrowing finance cost (see Note 9)	1,049,046	-
Borrowing transaction cost	370,339	-
Listing fee expense on acquisition of iWebGate	-	1,257,229
Change in operating assets and liabilities:		
Increase in trade and other receivables	458,421	(148,901)
Decrease/(increase) in other operating assets	-	-
Increase (decrease) in employee benefits	150,575	111,518
Increase/(decrease) in trade and other payables	943,752	688,986
	<hr/>	<hr/>
Net cash used in operating activities	<u>(5,937,509)</u>	<u>(5,143,679)</u>

Note 15. Events after the reporting period

On 3 August 2016 pursuant to a placement the company issued 124,444,431 shares at \$0.045 per share. Pursuant to the placement the Company will seek shareholder approval to issue a further 53,333,334 shares at \$0.045 per share.

On 12 August 2016 the Company has paid US\$200,000 (A\$274,275) in part repayment of the June 2016 finance facility.

On 22 August 2016 the Company entered into a settlement deed in relation to the March 2016 finance facility pursuant to which the parties agreed that following the Company making cash payments in the amount of US\$1,889,759 (A\$2,547,220) representing the amount owing to by the Company under the March 2016 finance facility plus a premium to be paid by the Company for early discharge. The Company has paid US\$1,417,319 (A\$1,912,712) on 22 August 2016 and is to make the balance payment of US\$472,439.78 by no later than 15 October 2016.

Other than the above there have been no other material events subsequent to the year ended 30 June 2016.