

Firstwave Cloud Technology Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Firstwave Cloud Technology Limited
 ABN: 35 144 733 595
 Reporting period: For the half-year ended 31 December 2017
 Previous period: For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	42.3% to	4,056,727
Loss from ordinary activities after tax attributable to the owners of Firstwave Cloud Technology Limited	down	9.6% to	(2,676,061)
Loss for the half-year attributable to the owners of Firstwave Cloud Technology Limited	down	9.6% to	(2,676,061)

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 \$2,676,061 (31 December 2016: \$2,959,123).

Refer 'Operating and financial review' section accompanying this Report for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.72	1.31

4. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of Firstwave Cloud Technology Limited for the half-year ended 31 December 2017 is attached.

Firstwave Cloud Technology Limited
Appendix 4D
Half-year report

6. Signed



Signed _____

Alexander Kelton
Chairman
Sydney

Date: 27 February 2018

For personal use only

Firstwave Cloud Technology Limited

Operating and financial review

31 December 2017

FirstWave Cloud Technology Limited ('FirstWave' or 'consolidated entity') delivers multi-service, multi-vendor, cloud security solutions for institutions, government and small and medium enterprises through its patented, market leading content security technology.

FirstWave is unique in its ability to deliver a fully-virtualised, fully-orchestrated suite of Mail, Next Generation Managed Firewall ('NGFW') and Web security services via an integrated Telecommunications and Service Provider platform.

FirstWave's service offering was developed to be easily scaled by taking advantage of its unique patented technology and the market's increasing demand for cloud security services. IHS Technology in its Cloud and CPE Managed Security Services Annual Market Report: Regional (3 April 2017) estimates the global cloud-based managed security services market will grow at 7.5% Compound Annual Growth Rate to \$US13.1 billion by 2021. FirstWave's service offering has the potential to address 75% of this \$US13.1 billion market opportunity.

In the first half of 2018 ('1H FY2018') FirstWave invested \$829,265 into product development, and \$711,439 into international expansion to drive further revenue growth in domestic and international markets targeting institutions, governments and small and medium enterprises. This investment enhances FirstWave's virtualised cloud content security capabilities, enabling FirstWave to develop a strong pipeline of opportunities with international telecommunications companies, global security vendors (GSV's), and regional solution integrators. In addition, FirstWave continues to build its strategic relationships with the GSV network - for example, the relationship with Cisco, which resulted in the launch in December of the Public Cloud Security Platform operational on Amazon Web Services ('AWS') using Cisco Amazon Machine Image ('AMI') optimised security appliances.

FirstWave achieved the following milestones in 1H FY18:

1. Launched new Private Cloud Internet Protect Security offers to FirstWave's Australian private cloud channel partner – Telstra Corporation Ltd
2. Raised \$4,350,000 via a private placement in October 2017, to support the Enable phase of the International expansion strategy
3. Commenced the deployment of a 3-segment operating framework
 - Australia, International and Corporate Services
 - Neil Pollock was appointed Chief of Operations and International
 - Invested \$711,439 of a planned \$2,148,800 FY2018 business development expenditure supporting the International Segment
4. Launched Public Cloud Security Platform in International Markets
 - Public platform is operational on AWS using Cisco AMI optimised security appliances
 - FirstWave's unique public cloud security platform is available in North America and Asia and is designed to be replicated quickly in other regions to meet demand
5. Generated new cloud security revenue streams
 - Security-as-a-service ('SAAS') revenue (licensing and support) grew 57%
 - Private Cloud customer orders grew to 243 up 88 (57%) on the same period last year
 - Total Contract Value of orders was \$1,373,849

Financial review

Statement of Profit and Loss

Revenue for the half year was \$4,056,727, which represents growth of 42.3% over the prior comparative period ('PCP'). Licensing and support revenue(SAAS) grew by 57.2% for the first half year over PCP, and by 15.5% over the second half of FY17. Professional Services revenue was \$329,742, representing a ratio of 8.8% to licensing and support revenue.

1H FY18 revenue was consistent with expectations. Sales results were below expectations as the launch of the internet protect security offers was delayed with the first orders only being realised in December 2017. FirstWave's opportunity pipeline remains strong and anticipates its licensing and support revenue will continue to grow in the 2H FY18 and beyond.

Cash and cash equivalents increased by \$2,318,975 over prior year end balance (\$912,037 over PCP), driven by the capital raise in October 2017. Cash consumed by operations was \$894,705, improving \$831,733 on the PCP driven by a strong focus in optimising working capital (commercially negotiating prepayments of large long-term revenue contracts).

As at 31 December 2017, FirstWave operated in three business segments, 'Australia', 'International' and 'Corporate Services'. Its primary operating activities are the development and sale of cloud-based internet security software, sale and service delivery of multi-service, multi-vendor, cloud security solutions in domestic and international markets. The 'Corporate

Firstwave Cloud Technology Limited
Operating and financial review
31 December 2017

Services' segment manages the provision of Research and Development, and Administrative support provided to the consolidated entity. These operating segments are based on the monthly internal reports that are reviewed and used by the company's chief operating decision maker in managing business performance.

Statement of Financial Position

FirstWave holds minimal debt of \$206,576, and with a large component of the company's asset base in cash of \$4,080,864 and intangible assets of \$2,885,493, the consolidated entity has the resources and capacity to continue current operations and execute against its planned program of investment to support its domestic and international business development strategy.

Second Half Financial Year 2018 ('2H FY18') Priorities

FirstWave's priorities for the 2H FY18 are to invest in product development to enhance its customer experience and to secure new annualised recurring revenue contracts in domestic and international markets. In both the Australian and International markets, channel expansion through the addition of new channel partners reselling the public cloud security platform is anticipated, with first revenues planned for the 4th quarter of FY 2018.

In product development, FirstWave's full year FY18 investment will reach \$1.6 million in technology, to enable vendors to enhance their virtualised offering to 'telco one touch readiness'. This will deliver a far greater level of automation and efficiency to a significantly broader market of small and medium businesses who were previously unable to access this offering.

In business development, FirstWave's investment will continue into its international segment supporting business development, conversion of its existing pipeline of opportunities with first orders and revenue anticipated in the 4th Quarter of FY18.

For personal use

Firstwave Cloud Technology Limited

ABN 35 144 733 595

Interim Report - 31 December 2017

For personal use only

Firstwave Cloud Technology Limited**Directors' report****31 December 2017**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Firstwave Cloud Technology Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Firstwave Cloud Technology Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Alexander Kelton - Chairman
Edward Keating
Scott Lidgett
Paul Macrae
Simon Moore
Sam Saba (appointed on 16 October 2017)
Steven O'Brien (resigned on 3 October 2017)
David Garnier (resigned on 30 November 2017)

Principal activities

During the financial half-year, the principal continuing activities of the consolidated entity comprise of development and sale of internet security software.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,676,061 (31 December 2016: \$2,959,123).

Refer 'Operating and financial review' section accompanying this Report for further commentary.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Alexander Kelton
Chairman



Simon Moore
Director

27 February 2018

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of Firstwave Cloud Technology Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Firstwave Cloud Technology Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



C F Farley
Partner – Audit & Assurance

Sydney, 27 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Firstwave Cloud Technology Limited**Contents****31 December 2017**

Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	13
Independent auditor's review report to the members of Firstwave Cloud Technology Limited	14

General information

The financial statements cover Firstwave Cloud Technology Limited (referred to as the 'company' or 'parent') as a consolidated entity consisting of Firstwave Cloud Technology Limited and the entities it controlled at the end of, or during, the half-year (referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is Firstwave Cloud Technology Limited's functional and presentation currency.

Firstwave Cloud Technology Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, 132 Arthur Street
North Sydney, NSW 2060
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2018. The directors have the power to amend and reissue the financial statements.

Firstwave Cloud Technology Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017	31 Dec 2016
		\$	\$
Revenue			
Sales revenue	3	4,056,727	2,850,917
Cost of sales		<u>(1,788,997)</u>	<u>(1,024,813)</u>
Gross profit		<u>2,267,730</u>	<u>1,826,104</u>
Other income	4	468,933	406,820
Expenses			
Sales and marketing		(1,644,329)	(1,427,209)
Engineering and development		(1,876,711)	(1,659,416)
General and administration		(1,936,139)	(2,023,673)
Listing expenses		-	(82,771)
Finance costs		(13,925)	(20,002)
Total expenses		<u>(5,471,104)</u>	<u>(5,213,071)</u>
Loss before income tax benefit		(2,734,441)	(2,980,147)
Income tax benefit		<u>58,380</u>	<u>21,024</u>
Loss after income tax benefit for the half-year attributable to the owners of Firstwave Cloud Technology Limited		(2,676,061)	(2,959,123)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Firstwave Cloud Technology Limited		<u>(2,676,061)</u>	<u>(2,959,123)</u>
		Cents	Cents
Basic earnings per share	13	(1.43)	(1.65)
Diluted earnings per share	13	(1.43)	(1.65)

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 31 December 2017

	Note	Consolidated 31 Dec 2017 \$	30 Jun 2017 \$
Assets			
Current assets			
Cash and cash equivalents		4,080,864	1,761,889
Trade and other receivables	5	2,084,394	3,207,903
Other		996,327	1,254,979
Total current assets		<u>7,161,585</u>	<u>6,224,771</u>
Non-current assets			
Property, plant and equipment		597,195	713,891
Intangibles	6	2,885,493	2,523,321
Deferred tax		1,182,509	1,124,130
Prepayments		930,132	1,323,551
Total non-current assets		<u>5,595,329</u>	<u>5,684,893</u>
Total assets		<u>12,756,914</u>	<u>11,909,664</u>
Liabilities			
Current liabilities			
Trade and other payables	7	1,856,455	2,844,001
Borrowings		175,795	200,237
Employee benefits		600,256	530,578
Other	8	1,488,721	1,250,690
Total current liabilities		<u>4,121,227</u>	<u>4,825,506</u>
Non-current liabilities			
Borrowings		30,781	87,139
Employee benefits		53,694	49,399
Provisions		152,649	152,649
Other	9	2,077,146	1,908,398
Total non-current liabilities		<u>2,314,270</u>	<u>2,197,585</u>
Total liabilities		<u>6,435,497</u>	<u>7,023,091</u>
Net assets		<u>6,321,417</u>	<u>4,886,573</u>
Equity			
Issued capital	10	19,836,746	15,773,846
Reserves		1,669,818	1,621,813
Accumulated losses		<u>(15,185,147)</u>	<u>(12,509,086)</u>
Total equity		<u>6,321,417</u>	<u>4,886,573</u>

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

Firstwave Cloud Technology Limited
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	15,773,846	397,911	(7,442,543)	8,729,214
Loss after income tax benefit for the half-year	-	-	(2,959,123)	(2,959,123)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,959,123)	(2,959,123)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payment expense	-	671,551	-	671,551
Balance at 31 December 2016	<u>15,773,846</u>	<u>1,069,462</u>	<u>(10,401,666)</u>	<u>6,441,642</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	15,773,846	1,621,813	(12,509,086)	4,886,573
Loss after income tax benefit for the half-year	-	-	(2,676,061)	(2,676,061)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,676,061)	(2,676,061)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	4,062,900	-	-	4,062,900
Share-based payment expense	-	48,005	-	48,005
Balance at 31 December 2017	<u>19,836,746</u>	<u>1,669,818</u>	<u>(15,185,147)</u>	<u>6,321,417</u>

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

Firstwave Cloud Technology Limited
Statement of cash flows
For the half-year ended 31 December 2017

	Note	Consolidated 31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,433,806	3,518,473
Payments to suppliers and employees (inclusive of GST)		(7,342,401)	(5,300,407)
Interest received		27,815	69,051
Interest and other finance costs paid		(13,925)	(13,555)
Net cash used in operating activities		<u>(894,705)</u>	<u>(1,726,438)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(20,371)	(180,220)
Payments for intangibles	6	(748,049)	(569,963)
Proceeds from release of security deposits		-	46,310
Net cash used in investing activities		<u>(768,420)</u>	<u>(703,873)</u>
Cash flows from financing activities			
Proceeds from issue of shares	10	4,350,000	-
Share issue transaction costs	10	(287,100)	-
Repayment of borrowings		(80,800)	(173,277)
Net cash from/(used in) financing activities		<u>3,982,100</u>	<u>(173,277)</u>
Net increase/(decrease) in cash and cash equivalents		2,318,975	(2,603,588)
Cash and cash equivalents at the beginning of the financial half-year		1,761,889	5,772,415
Cash and cash equivalents at the end of the financial half-year		<u><u>4,080,864</u></u>	<u><u>3,168,827</u></u>

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

Firstwave Cloud Technology Limited
Notes to the financial statements
31 December 2017

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended 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 during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

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

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income have been realigned to the current period presentation. There has been no effect on the loss for the period.

Note 2. Operating segments

Identification of reportable operating segments

Operating segments have been identified and disclosures made for the first time by the consolidated entity. The consolidated entity's operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Prior period information has also been appropriately rearranged to reflect segmental performance to facilitate comparison.

Types of products and services

The consolidated entity is organised into three operating segments as follows:

Australia	A geographical segment to identify development and sale of internet security software in the domestic market.
International	A geographical segment to identify development and sale of internet security software in the international market.
Corporate services	A functional segment that manages the provision of research & development, and administrative support provided to the consolidated entity.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

The CODM does not review segment assets and liabilities.

Firstwave Cloud Technology Limited
Notes to the financial statements
31 December 2017

Note 2. Operating segments (continued)

Operating segment information

	Australia	International	Corporate services	Total
	\$	\$	\$	\$
Consolidated - 31 Dec 2017				
Revenue				
Sales to external customers	4,056,727	-	-	4,056,727
Total revenue	4,056,727	-	-	4,056,727
EBITDA				
Depreciation and amortisation	65,530	(711,400)	(1,589,496)	(2,235,366)
Interest revenue				27,815
Finance costs				(13,925)
Loss before income tax benefit				(2,734,441)
Income tax benefit				58,380
Loss after income tax benefit				(2,676,061)
Consolidated - 31 Dec 2016				
Revenue				
Sales to external customers	2,850,917	-	-	2,850,917
Total revenue	2,850,917	-	-	2,850,917
EBITDA				
Depreciation and amortisation	(723,592)	(44,669)	(1,848,335)	(2,616,596)
Interest revenue				69,051
Finance costs				(20,002)
Loss before income tax benefit				(2,980,147)
Income tax benefit				21,024
Loss after income tax benefit				(2,959,123)

Note 3. Revenue

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Licensing and support revenue	3,726,985	2,370,732
Professional services revenue	329,742	480,185
Total revenue	4,056,727	2,850,917

Note 4. Other income

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Research and development grant income	441,118	337,769
Interest income	27,815	69,051
Other income	468,933	406,820

Firstwave Cloud Technology Limited
Notes to the financial statements
31 December 2017

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Trade receivables	661,898	2,198,049
Less: Provision for impairment of receivables	(22,206)	(22,206)
	<u>639,692</u>	<u>2,175,843</u>
Accrued revenue	<u>229,653</u>	<u>564,683</u>
Other receivables	993,529	245,857
Receivable from key management personnel	<u>221,520</u>	<u>221,520</u>
	<u><u>2,084,394</u></u>	<u><u>3,207,903</u></u>

Note 6. Non-current assets - intangibles

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Capitalised development costs - at cost	9,369,431	8,634,461
Less: Accumulated amortisation	(6,542,602)	(6,167,441)
	<u>2,826,829</u>	<u>2,467,020</u>
Patents - at cost	110,504	97,425
Less: Accumulated amortisation	(51,840)	(41,124)
	<u>58,664</u>	<u>56,301</u>
	<u><u>2,885,493</u></u>	<u><u>2,523,321</u></u>

Reconciliations

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

Consolidated	Capitalised development costs \$	Patents \$	Total \$
Balance at 1 July 2017	2,467,020	56,301	2,523,321
Additions	734,970	13,079	748,049
Amortisation expense	(375,161)	(10,716)	(385,877)
Balance at 31 December 2017	<u><u>2,826,829</u></u>	<u><u>58,664</u></u>	<u><u>2,885,493</u></u>

Note 7. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Trade payables	752,677	1,556,934
Accrued expenses	<u>1,103,778</u>	<u>1,287,067</u>
	<u><u>1,856,455</u></u>	<u><u>2,844,001</u></u>

Firstwave Cloud Technology Limited
Notes to the financial statements
31 December 2017

Note 8. Current liabilities - other

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Deferred research and development income	296,903	211,047
Income received in advance	1,191,818	1,039,643
	<u>1,488,721</u>	<u>1,250,690</u>

Note 9. Non-current liabilities - other

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Deferred research and development income	715,676	453,804
Income received in advance	1,361,470	1,454,594
	<u>2,077,146</u>	<u>1,908,398</u>

Note 10. Equity - issued capital

	Consolidated			
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>199,559,217</u>	<u>179,786,485</u>	<u>19,836,746</u>	<u>15,773,846</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2017	179,786,485	15,773,846
Issue of shares	23 October 2017	19,772,732	4,350,000
Share issue transaction costs, net of tax		-	(287,100)
Balance	31 December 2017	<u>199,559,217</u>	<u>19,836,746</u>

Note 11. Equity - dividends

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

Note 12. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payable approximate their fair values due to their short term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Loss after income tax attributable to the owners of Firstwave Cloud Technology Limited	<u>(2,676,061)</u>	<u>(2,959,123)</u>

Firstwave Cloud Technology Limited
Notes to the financial statements
31 December 2017

Note 13. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>187,308,720</u>	<u>179,786,485</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>187,308,720</u>	<u>179,786,485</u>
	Cents	Cents
Basic earnings per share	(1.43)	(1.65)
Diluted earnings per share	(1.43)	(1.65)

Options have been excluded in the weighted average number of shares used to calculate diluted earnings per share as they were anti-dilutive.

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 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.

Firstwave Cloud Technology Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Alexander Kelton
Chairman



Simon Moore
Director

27 February 2018

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report To the Members of Firstwave Cloud Technology Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Firstwave Cloud Technology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Firstwave Cloud Technology Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' Responsibility for the Half Year Financial Report

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

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Firstwave Cloud Technology Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



C F Farley
Partner - Audit & Assurance

Sydney, 27 February 2018

For personal use only