

First Wave Technology Pty Ltd

ABN 99 098 940 544

Financial Statements
For the year ended 30 June 2015



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First Wave Technology Pty Ltd
ABN 99 098 940 544

Contents

<u>Directors' Report</u>	<u>3</u>
<u>Auditor's Independence Declaration</u>	<u>7</u>
<u>Statement of Profit or Loss and Other Comprehensive Income</u>	<u>8</u>
<u>Balance Sheet</u>	<u>9</u>
<u>Statement of Changes in Equity</u>	<u>11</u>
<u>Statement of Cash Flows</u>	<u>12</u>
<u>Notes to the Financial Statements</u>	<u>13</u>
<u>Directors' Declaration</u>	<u>33</u>
<u>Independent Auditor's Report</u>	<u>34</u>

First Wave Technology Pty Ltd
ABN 99 098 940 544
Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2015.

Directors

The names of the directors in office at any time during or since the end of the year are:

Name of Director	Particulars
Scott Kelvin Lidgett	Scott was appointed a Director of the company in March 2008. Scott has been in the IT industry since the mid-1980s. In November 2009, Scott formed a new IT security business IPSec Pty Ltd and also serves as the Chairman.
Paul Gordon MacRae	Paul was appointed a Director of the company in March 2008. Paul has a successful history of setting up new businesses in the IT industry in Australia and overseas. Paul is a general manager at Technology One, the largest listed Australian enterprise software company. His roles have included establishing MessageLabs in Australia, Galileo in New Zealand, setting up and selling a successful SAP consultancy and growing business at a leading HRMS software company.
David Guy Garnier	David was appointed a Director of the company in April 2003. David has more than 20 years of senior management experience in a number of sectors, including corporate advisory, ICT, digital media and transport. He has successfully launched and transacted funding requirements for IT & C, digital media and transport companies in the Asia Pacific region.
Edward Timothy Keating	Edward was appointed a Director of the company in March 2010 and a Secretary in January 2014. Edward has involved with numerous business start-ups including: Logical Solutions Pty Ltd, Software Strategies, Computer Faculties and ChannelWorx. Edward has also involved with a variety of cloud-based technologies.
Steve O'Brien	Steve was appointed a Director of the company in July 2015. Steve has over 20 years' experience working in international business, including more than 15 years in the Asia Pacific region, and has significant experience in senior sales and marketing roles. Steve has also held positions in consulting and as Company Director during his time working in the IT sector.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Directors' Report

Directors' Meetings

The attendance at meetings of Directors of the Manager and the Company during the year is set out below

Name	Held	Attended
Scott Kelvin Lidgett	14	14
Paul Gordon MacRae	14	10
David Guy Garnier	14	11
Edward Timothy Keating	14	14

Operating Result

The net profit after tax of the company for the current and previous financial years are:

Year ended 30 June 2015	Year ended 30 June 2014
\$	\$
43,234	35,571

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year. However the company did raise an additional \$ 1,385,500 by allotment of 8,659,375 ordinary shares at \$0.16 subsequent to the balance sheet date up until the date of this report.

Principal Activities

The principal activities of the company are sale of internet software. No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years. However it should be noted that the company is looking to raise additional equity funding by listing on the Australian Stock Exchange in 2016, accordingly there maybe material increases in the administration and compliance expenditure to meet the Australian Corporation Act 2001 requirements that are applied to companies listing on Australian Public Stock Exchange.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Directors' Report

Future Developments

It is expected that, should the company successfully raise the additional capital, the level of investment in operational resources will increase to expand the capability and proportional coverage of its target market.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year. The options outstanding are 250,000 equity shares in the value of \$ 112,500 as at 30 June 2015.

Directors' Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company or related body corporate.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 7 and forms part of the report.

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Directors' Report

Signed in accordance with a resolution of the Board of Directors:



Steve O'Brien
Director



Scott Kelvin Lidgett
Director



Dated: 17 December, 2015


First Wave Technology Pty Ltd
ABN 99 098 940 544
Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
To THE DIRECTORS OF: First Wave Technology Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

The Linkara Group Pty Ltd
Lindsay Karathanassis, Director Registered Company Auditor Licence No.328217
3/91 Frederick Street MEREWETHER NSW 2291



*The Linkara Group
Pty Ltd*

17 December, 2015

MEREWETHER

First Wave Technology Pty Ltd
ABN 99 098 940 544
Statement of Profit or Loss and Other Comprehensive Income
and Retained Earnings
For the year ended 30 June 2015

	Note	2015 \$	2014 \$ (Restated)	2013 \$ (Restated)
Sales revenue	1	4,660,828	3,977,410	2,959,375
Cost of sales	3	(1,400,634)	(1,195,963)	(701,494)
Gross profit		3,260,194	2,781,447	2,257,881
Other revenue	2	445,375	224,650	363,715
Sales & marketing expenses	4	(578,468)	(575,460)	(556,289)
Engineering and development expenses	5	(818,808)	(682,783)	(443,370)
General & administrative expenses	6	(2,022,358)	(1,622,240)	(1,649,180)
Financing expenses		(126,259)	(115,298)	(57,044)
Profit / (Loss) before tax		159,677	10,316	(84,287)
Income tax benefit / (expense)	25	(116,442)	25,264	(39,273)
Profit / (Loss) for the year from continuing operations		43,235	35,580	(123,560)
Other comprehensive income:				
<i>Items that will not be reclassified subsequently into profit and loss:</i>				
Restatements of amortisation of intangible assets 2002 - 2012	29	-	-	(1,980,601)
Stock option expense	29(v)	-	(12,511)	(76,750)
<i>Items that will be reclassified subsequently into profit and loss:</i>				
Deferred R&D grant income		-	-	(659,594)
Long service leave - additional expense following revaluation		-	-	(40,899)
Income tax benefit / (expense)		-	-	(167,987)
Total comprehensive income for the year		43,235	23,069	(3,049,391)
Retained earnings at start of year		(2,830,967)	(2,854,036)	195,355
Retained earnings at end of year		2,787,732	2,830,967	(2,854,036)

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Balance Sheet as at 30 June 2015

	Note	2015 \$	2014 \$ (Restated)	2013 \$ (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	7	389,255	1,008,816	279,087
Trade and other receivables	8	1,390,150	439,249	376,997
Share monies receivable		1,500,000	-	-
Work in progress	9	372,394	247,990	332,272
Other assets	11	486,368	357,734	510,579
Total Current Assets		<u>4,138,167</u>	<u>2,053,789</u>	<u>1,498,935</u>
Non-current assets				
Property, plant & equipment	28a	121,793	78,371	104,188
Intangible assets	28b	1,804,445	1,818,927	1,717,282
Deferred tax assets	10	498,618	516,397	331,937
Other assets	11	383,855	578,287	450
Total Non-current Assets		<u>2,808,711</u>	<u>2,991,982</u>	<u>2,153,857</u>
Total assets		<u>6,946,878</u>	<u>5,045,771</u>	<u>3,652,792</u>
LIABILITIES				
Current Liabilities				
Loans	15	161,951	207,814	303,084
Trade payables	17	502,311	193,897	426,955
Other payables	18	723,733	767,691	137,848
Income in advance	19	795,906	795,578	351,361
Provisions	20	278,093	262,129	423,904
Total Current Liabilities		<u>2,461,994</u>	<u>2,227,109</u>	<u>1,643,152</u>
Non-current liabilities				
Deferred Tax Liability	10	526,294	529,808	499,925
Loans	15	894,682	949,552	551,354
Income in advance	18	1,125,952	825,240	492,721
Provisions	19	51,462	35,802	22,960
Total Non-current Liabilities	20	<u>2,598,390</u>	<u>2,340,402</u>	<u>1,566,960</u>
Total Liabilities		<u>5,060,384</u>	<u>4,567,511</u>	<u>3,210,112</u>
Net Assets		<u>1,886,495</u>	<u>478,260</u>	<u>442,680</u>
Equity				
Share capital	12	4,436,261	3,071,261	3,071,261
Share option reserves	14	237,966	237,966	225,455
Retained earnings	13	(2,787,732)	(2,830,967)	(2,854,036)
Total Equity		<u>1,886,495</u>	<u>478,260</u>	<u>442,680</u>

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544

Statement of Changes in Equity for the year ended 30/06/2015

Notes	Share Capital	Equity Options Reserves	Retained Earnings	Total
	\$	\$	\$	\$
At 01 July 2012	2,938,261	-	195,354	3,133,615
Adjustment for restatements	-	225,456	(2,598,791)	(2,373,336)
At 01 July 2012(restated)	<u>2,938,261</u>	<u>225,456</u>	<u>(2,403,437)</u>	<u>760,279</u>
Profit / (Loss) reported for the year	-	-	(123,560)	(123,560)
Adjustment for restatements	-	-	(327,039)	(11,285)
Shares issued	133,000	-	-	133,000
At 30 June 2013(restated)	<u>3,071,261</u>	<u>225,456</u>	<u>(2,854,036)</u>	<u>442,680</u>
Profit / (Loss) reported for the year	-	-	3,010	3,010
Adjustment for restatements	-	12,511	20,059	32,570
At 30 June 2014(restated)	<u>3,071,261</u>	<u>237,966</u>	<u>(2,830,967)</u>	<u>478,260</u>
Profit / (Loss) reported for the year	-	-	43,235	43,235
Shares issued	1,500,000	-	-	1,500,000
Share issue costs	(135,000)	-	-	(135,000)
At 30 June 2015	<u>4,436,261</u>	<u>237,966</u>	<u>(2,787,732)</u>	<u>1,886,495</u>

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		3,213,693	4,014,139
Payments to suppliers and employees		(3,153,712)	(2,961,049)
Interest received		16,937	14,168
Interest / costs of working capital finance		(127,159)	(115,298)
Repayment of finance lease		(205,252)	217,113
Income taxes received / (paid)		209,490	224,687
Net cash from operating activities		(46,003)	1,393,760
Cash flows from investing activities			
Purchases of property, plant & equipment		(43,423)	(36,904)
Investments in intangible assets		(530,136)	(627,128)
Net cash used in investing activities		(573,558)	(664,031)
Net increase / (decrease) in cash and cash equivalents		(619,561)	729,729
Cash and cash equivalents at beginning of year		1,008,816	279,087
Cash and cash equivalents at end of year	7	389,255	1,008,816

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Statement of Significant Accounting Policies

(A) General information

First Wave Technology Pty Ltd is a limited liability company ("the company") incorporated in Australia. The company's principal business activities are the development and sale of internet security software and related professional services to business and enterprise.

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and AASB 1054 Australian Additional Disclosures.

First Wave Technology Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. First Wave Technology Pty Ltd is a for-profit entity for the purpose of preparing financial statements under the Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(B) Basis of Preparation and accounting policies

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

First Wave Technology Pty Ltd has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) that was referred to in the initial adoption of these rules which was from the 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the company's accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of First Wave Technology Pty Ltd to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The entities have however elected to adopt exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer the Notes for further details.

Restatements arising as a consequence of this transition from previous Australian GAAP to IFRS have been quantified and disclosed in Note 29 to this report.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Revenue recognition

Revenue is recognised to the extent that it is probable that related economic benefits will flow into the company, and such revenue can be reliably measured. Additionally, the following measurement criteria has been adopted:

Revenue from consulting services is recognised on a completed contract basis where the contract specifies so, or on a time proportion on a time and materials basis, net of discounts and sales-related taxes collected on behalf of the government of Australia.

Interest income and expenses are recognised on an accrual basis using the effective interest method.

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 income over the expected useful life of the asset over a straight line basis.

This accounting policy has been newly adopted during the current financial year as part of its transition to IFRS and its retrospective application has been disclosed as restatements made to prior years in Note 29.

Income tax

The income tax expense / (benefit) for the year comprises current income tax expense / (benefit) and deferred tax expense / (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax assets and liabilities are measured at the amounts that are expected to be paid or recovered from tax authorities.

Deferred income tax expense reflects the movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are valued at tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset may be realised.

The amount of deferred tax assets recognised or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future taxable profits to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method. The following rates are used for the depreciation of property, plant and equipment:

The company has written off the remaining depreciation on equipment to 30 June 2011 to zero value to facilitate a transition from special purpose accounting to general purpose from 1 July 2015, where assets will be depreciated using the straight line method. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Asset	Depreciation Rate %
Computer Platform - Globalswitch System / Office Equipment	50% Diminishing 37.5% - 66.66% Diminishing
Website	20% Diminishing
Leasehold Improvements	2.5% Prime Cost
Furniture & fittings	10% - 20 % Diminishing

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Intangibles Assets

Expenditure on the research phase of projects are expensed.

Expenditure on the development phase of new projects are capitalised to the extent they are directly attributable to the development phase provided they meet the following additional recognition criteria:

- Costs are measured reliably
- The project is technical and commercially feasible
- Sufficient resources are available for project completion
- The company can either use or sell the software
- The software will generate future economic benefits

Intangible assets are amortised over their estimated useful lives on a straight line basis and are subject to impairment testing on an annual basis. These intangibles are current amortised over 5 - 7 years.

A restatement has been made to reflect the adoption of a change in the estimated useful life of an intangible asset, and has been disclosed in Note 29.

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to First Wave Technology Pty Ltd are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that First Wave Technology Pty Ltd will obtain ownership of the asset or over the term of the lease

Lease payments under operating leases, where substantially all the risks and benefits remain with the leaser, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight - line basis over the life of the lease term.

Financial Instruments

a) Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

b) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are stated at amortised cost using the effective interest rate method.

d) Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised cost using the effective interest rate method.

e) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

f) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

g) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

h) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

i) Impairment

At each reporting date, the directors assess whether there is objective evidence that financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Foreign Currency Transactions and Balances

a) Functional and presentation currency

The functional currency of First Wave Technology Pty Ltd is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars which is the company's functional and presentation currency.

b) Transaction and Balances

Foreign currency transactions are translated into functional currency using exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of transaction. Non-Monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Provisions

Provision are recognised when First Wave Technology Pty Ltd has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred

Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Trade and other receivables

Consulting services income recognised as per revenue recognition policy above, and the do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Trade and other receivables

Trade payables are obligations recognised on the basis of normal credit terms and do not bear interest.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	<u>2015</u>	<u>2014</u>
Note 1: Revenue		
Licensing income	2,773,533	2,775,112
Support income	672,000	672,000
Professional services income	1,215,275	530,298
	<u>4,660,828</u>	<u>3,977,410</u>

Note 2: Other Income

R & D Grant Income [Refer Note 19(ii)]	428,382	210,482
Interest income	16,994	14,168
	<u>445,375</u>	<u>224,650</u>

Note 3: Cost of Sales

Cost of licenses	1,400,634	1,195,963
	<u>1,400,634</u>	<u>1,195,963</u>

Note 4: Sales & Marketing Expenses

Marketing, advertising and promotional expenses	75,179	74,437
Employee costs	469,877	473,215
Travel expenses	26,213	21,741
Telecommunication	7,199	6,066
	<u>578,468</u>	<u>575,460</u>

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014
Note 5: Engineering & Development Expenses		
Employee costs	1,348,944	1,309,911
Capitalisation of R&D Costs	(530,136)	627,128
	<u>818,808</u>	<u>682,783</u>

Note 6: General & Administration Expenses

Employee costs	572,062	374,712
Board expenses	300,273	131,528
Accounting & Audit	45,541	29,685
Legal expenses	7,158	20,000
Rent	112,484	113,584
Professional fees	121,767	122,250
Fringe Benefits Tax	11,719	6,152
Telecommunication expenses	19,471	17,930
Power charges	7,301	7,910
Bank charges	3,790	6,421
Payroll tax	77,217	58,873
Insurance - Workers Compensation	3,926	3,977
Insurance - Building, IT & Third Party	26,804	37,889
Travel expenses	17,581	23,733
Repairs & Maintenance	28,750	26,433
Office supplies	4,053	5,524
Entertainment	27,817	16,876
Recruitment	1,086	30,526
Subscriptions	10,931	11,137
Depreciation	36,479	49,834
Amortisations	554,384	527,516
Other administrative expenses	31,766	(250)
	<u>2,022,358</u>	<u>1,622,240</u>

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014
Note 7: Cash and Cash Equivalents		
Cash on hand	1,000	1,000
Cash at bank	388,255	1,007,816
	<u>389,255</u>	<u>1,008,816</u>

Note 8: Trade and Other Receivables

Trade debtors	1,226,232	264,713
Other debtors	17,928	1,011
Income tax receivable	145,990	173,525
	<u>1,390,150</u>	<u>439,249</u>

Note 9: Work in Progress

Accrued income	338,684	182,329
Debtors - professional services	33,710	65,661
	<u>372,394</u>	<u>247,990</u>

Note 10: Deferred Tax & Liabilities

	1 July 2014	Recognised in income	30 June 2015
Deferred tax assets			
Provisions	290,812	23,715	267,098
Deferred income	225,584	(5,936)	231,520
	<u>516,397</u>	<u>17,779</u>	<u>498,618</u>
Deferred tax liabilities			
Capitalised R&D	529,808	(3,514)	526,294

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014	
Deferred tax assets	1 July 2013	Recognised in income	30 June 2014
Provisions	134,059	156,753	290,812
Deferred income	197,878	(27,706)	225,584
	<u>331,937</u>	<u>129,047</u>	<u>516,397</u>
Deferred tax liabilities			
Capitalised R&D	<u>499,925</u>	<u>(29,883)</u>	<u>529,808</u>

Note 11: Other Assets

Current

Prepayments	439,608	311,764
Term Deposits - Security for bank guarantee	46,310	45,520
Deposits & Payments in advance	450	450
	<u>486,368</u>	<u>357,734</u>

Non-Current

Prepayments	383,855	578,286
	<u>383,855</u>	<u>578,286</u>

Note 12: Share Capital

As at the beginning of the year		
Share issued during the year	3,071,261	3,071,261
Share issue costs	1,500,000	-
	(135,000)	-
As at the close of the year	<u>4,436,261</u>	<u>3,071,261</u>

(83,030,252 Ordinary shares each fully paid)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014
Note 13: Retained Earnings		
As at the beginning of the year	(2,830,967)	(2,854,036)
Total comprehensive income for the year	<u>43,235</u>	<u>23,069</u>
As at the close of the year	<u>(2,787,732)</u>	<u>(2,830,967)</u>

Note 14: Share Option Reserve

Stock Option Reserve	89,260	89,260
Equity Conversion Rights	<u>148,706</u>	<u>148,706</u>
Share option reserve, included in equity	<u>237,966</u>	<u>237,966</u>

Stock compensation expense in relation to vested stock options have been accounted for in accordance with AASB 2, at fair value of the options at the issue date, using the Black-Scholes option pricing model. The expense has been adjusted in retained earnings and classified as a share option reserve under equity. (refer Note 29)

Note 15: Loans

Current

Cisco Finance Loan	119,225	166,673
Insurance Liability	22,813	21,228
Accrued interest	<u>19,913</u>	<u>19,913</u>
	<u>161,951</u>	<u>207,814</u>

Non-Current, Unsecured

Convertible Notes	<u>647,126</u>	<u>647,126</u>
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Non-Current, Secured

Hire Purchase Loans	<u>247,556</u>	<u>302,426</u>
	<u>894,682</u>	<u>949,552</u>

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

2015

2014

Note 16: Convertible Notes

The company has the following outstanding convertible notes as at the balance sheet date. These are redeemable on or before 30 September 2016 or convertible to equity shares before the stated date. The equity associated conversion rights have been valued using the Black-Scholes options pricing model, and have been classified as an option conversion reserve under equity, and reduced from the face value of the convertible notes in accordance with AASB 2. Prior year figures have been restated by adjusting the fair values of the convertible notes at the date of inception, and are included in note 29.

Balance Sheet disclosures are as follows:

10% Convertible Notes	245,331	245,331
12% Convertible Notes	550,501	550,501
Total before restatements	<u>795,832</u>	<u>795,832</u>
Less: Restatements - Conversion rights, included in equity	(148,706)	(148,706)
Non-current liability (refer Note 15 above)	<u>647,126</u>	<u>647,126</u>

Note 17: Trade Payables

Trade payables	353,811	193,897
Sundry creditors, no amounts due to related parties	148,500	-
	<u>502,311</u>	<u>193,897</u>

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014
Note 18: Other Payable		
Current		
Accrued expenses	183,042	227,146
Payroll tax	7,028	5,288
FBT	(3,244)	(5,632)
ATO payables	159,207	84,688
Superannuation payable	41,651	37,391
Lease liabilities	19,884	31,815
Provision for staff bonuses	220,828	291,658
Provision for licence - Ironport	95,337	95,338
Accrued Interest	<u>723,733</u>	<u>767,691</u>

Note 19: Income in Advance Current

Income in advance	580,023	596,229
Deferred income	215,883	199,349
	<u>795,906</u>	<u>795,578</u>

Non-Current

Income in advance	570,102	272,641
Deferred income	555,850	552,599
	<u>1,125,952</u>	<u>825,240</u>

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014
Note 20: Provisions		
Current		
Provision for LSL	124,948	134,368
Provision for annual leave	153,145	127,761
	278,093	262,129
Non-Current		
Provision for LSL	51,462	35,802
	51,462	35,802

Note 21: Directors' Remuneration

Short term benefits		
- Salary & Fees	84,000	52,000

The names of directors of the company who have held office, and paid the above remuneration during the financial year are:

David Guy Garnier
 Scott Kelvin Lidgett
 Edward Timothy Keating
 Paul Gordon McRae

Other Key Management Personnel:
 Richard Beswick (Chief Executive Officer)
 Murray Scott (Chief Financial Officer)
 Steve O'Brien (Chief Operating Officer)

Note 22: Auditors' Remuneration

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	13,950	6,795
Other services	-	-
	13,950	6,795

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

2015

2014

Note 23: Capital and Leasing Commitments**Note 23 (a): Finance Leases**

The company has finance leasing arrangements in place for the lease of IT equipment used in its business of software development and provision of IT security solutions. As of 30 Jun 2015, the amounts remaining to be paid under the finance lease are:

	Due < 1 year	Due 1-5 years	Total
30 June 2015			
Outstanding Lease Payments	104,226	234,509	338,736
30 June 2014			
Outstanding Lease Payments	104,226	338,736	442,962

Note 23 (b): Operating Leases

	Due < 1 year	Due 1-5 years	Total
30 June 2015	127,199	100,843	228,041
30 June 2014	133,816	241,853	375,669

Note 24: Events After The Balance Date

The company raised an additional \$1,385,500 in new equity capital subsequent to the balance sheet date up until the date of the directors report. In connection with this raising, the company issued 8,659,375 equity shares at a price of \$0.16 per share.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

2015

2014

Note 25: Income Tax Reconciliation

Income tax expense for the year includes current and deferred tax expenses as shown below:

Profit/ (Loss) before income tax	159,676	10,316
Domestic tax rate	30.00%	30.00%
Expected tax expense	(47,903)	(3,095)
<i>Adjustments:</i>		
Non deductible R & D tax incentive expenditure	164,328	132,408
Deductible provisions	(23,715)	(156,754)
Non-deductible amortisations	3,531	29,883
Non-assessable government grants	5,936	(27,706)
Current tax expense/(benefit)	<u>102,177</u>	<u>(25,264)</u>
Tax expense comprises of:		
Current tax expense / (benefit)	102,177	57,420
Deferred tax expense / (income)		
- Origination and reversal of temporary differences	14,265	(82,684)
Tax expense / (benefit)	<u>116,442</u>	<u>(25,264)</u>

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

	2015	2014
Note 26: Reconciliation of Cash Flow from Operations with Profit After Income Tax		
Profit / Loss after income tax	43,234	35,580
Non-cash flows included in profit or loss		
- Depreciation	36,479	49,834
- Amortisation	541,848	527,516
- Provisions	44,882	5,299
Adjustments		
- Increase / (decrease) in provision for income tax	27,535	315,754
Changes in assets and liabilities		
- (Increase) / decrease in trade and other debtors	(946,400)	45,612
- (Increase) / decrease in prepayments	66,586	(696,225)
- (Increase) / decrease in accrued income	(156,356)	85,284
- (Increase) / decrease in deferred tax assets	(17,779)	184,460
- Increase / (decrease) in trade creditors and accruals	159,913	208,367
- Increase / (decrease) in lease liabilities	(11,931)	31,814
- Increase / (decrease) in deferred tax liabilities	(3,514)	29,883
- Increase / (decrease) in provisions	(39,206)	238,063
- Increase / (decrease) in other payables	300,712	332,519
Cash flow from operations	46,003	1,393,760

Note 27: Comparative Figures

Comparative figures have been adjusted to conform to presentation changes for the current year, when required by accounting standards.

Where accounting standards have been retrospectively applied, or restatements and reclassifications of previously reported items made with retrospective effect, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Note 28 (a): Property, Plant & Equipment Roll Forward for 2015

Asset Class	Assets at Acquisitions at Cost				Accumulated Depreciation				Book Value		
	Opening Value	Acquisitions	Retirements/Write Offs	Closing Value	Opening Value	For the year	Retirements	Closing Value	Opening Value	Closing Value	
Computer Equipment	492,568	77,574	-	750	570,892	442,017	31,268	-	473,285	50,551	97,607
Computer Platform	214,621	-	-	-	214,621	209,308	2,766	-	212,074	5,313	2,547
Leasehold Improvements	13,445	-	-	-	13,445	5	336	-	341	13,440	13,104
Website	11,557	-	-	-	11,557	8,173	677	-	8,850	3,384	2,707
Furniture & Fittings	13,520	1,395	-	-	14,915	7,837	1,250	-	9,087	5,683	5,828
TOTAL	745,711	78,969	-	750	825,430	667,340	36,297	-	703,637	78,371	121,793

Note 28 (b): Intangible Assets Roll Forward for 2015

Asset Class	Assets at Acquisitions at Cost				Accumulated Depreciation				Book Value		
	Opening Value	Acquisitions	Retirements/Write Offs	Closing Value	Opening Value (Restated)	For the year	Retirements	Closing Value	Opening Value	Closing Value	
Intangible Assets - Platform	6,046,557	530,136	-	-	6,576,693	4,280,531	541,848	-	4,822,379	1,766,026	1,754,314
Intangible Assets - Patents	52,901	9,765	-	-	62,666	-	12,535	-	12,535	52,901	50,131
TOTAL	6,099,458	539,901	-	-	6,639,359	4,280,531	554,383	-	4,834,914	1,818,927	1,804,445

The accompanying notes form part of these financial statements.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

Note 29: Restatements

	Restated 2014 (\$)	Increase/ (decrease) 2014 (\$)	Previously Stated 2014 (\$)	Restated 2013 (\$)	Increase/ (decrease) 2013 (\$)	Previously Stated 2013 (\$)
Consolidated statement of financial position (Extract)						
Intangible assets	1,766,026	(2,004,962)	3,770,988	1,666,415	(1,980,601)	3,647,016
Deferred tax asset	516,397	516,397		331,937	331,937	
Provisions - current [refer (i) below]	933,566	10,396	923,170	423,905	117,728	306,177
Deferred income – current [refer (ii) below]	199,350	199,350		166,873	166,873	
Provisions - non-current [refer (i) below]	35,802	35,802		22,960	(76,828)	99,788
Deferred income – non-current [refer (ii) below]	1,082,399	1,082,399		992,645	992,645	
Borrowings - Non current [refer (iv) below]	1,148,039	(148,706)	1,296,745	551,354	(148,706)	700,060
Net assets/ (liabilities)	478,260	(2,667,806)	3,146,066	442,680	(2,700,376)	3,143,056
Contributed equity	3,071,261	0	3,071,261	3,071,261	0	3,071,261
Equity conversion reserve [refer (v) below]	148,706	148,706	0	148,706	148,706	0
Share option reserve [refer (v) below]	89,260	89,260	0	76,750	76,750	0
Retained earnings/ (Accumulated losses)	(2,830,967)	(2,905,772)	74,805	(2,854,037)	(2,925,832)	71,795
Total equity	478,260	(2,667,806)	3,146,066	442,680	(2,700,376)	3,143,056

	Restated 2014 (\$)	Increase/ (decrease) 2014 (\$)	Previously Stated 2014 (\$)	Restated 2013 (\$)	Increase/ (decrease) 2013 (\$)	Previously Stated 2013 (\$)
Statement of Profit and Loss and Other Comprehensive Income (Extract)						
Depreciation and amortisation expenses [refer (iii) below]	527,517	24,362	503,155	508,307	58,253	450,054
Long Service Leave Provision [refer (i) below]	29,472	5,289	24,183	26,073	(4,085)	30,158
Other income	210,482	210,482	0	250,143	250,143	0
Profit / (loss) before income tax for the year	10,316	180,831	(170,515)	(243,339)	195,975	(439,314)
Income tax (credit) / expense	25,264	(148,261)	173,525	(207,260)	(523,014)	315,754
Profit / (loss) for the year	35,580	32,570	3,010	(450,599)	(327,039)	(123,560)

(i) Provisions for Long service leave have historically been made on the basis on employee salary at the balance sheet date without discounting the future liability to present value. This liability has now been reassessed using a discounted cash flow model, after factoring in expected future salary increases based on an industry standard. A restatement has been made to give effect to this reassessment by adjusting provisions in prior periods.

(ii) During prior financial years, R & D incentive Government grant income was recognised in the period the grant was approved through the income tax expense line in accordance with AASB 112 Income Taxes. The company has changed accounting policy to recognise the R & D incentive Government grant income in accordance with AASB 120 - Accounting for Government Grants and Disclosure of Government Assistance. Under AASB 120, the grant should be recognised in the same periods as the related expenditure, a portion of which is capitalised development costs. Therefore, a restatement has been made to prior years to defer a proportion of the revenue to subsequent years.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Notes to the Financial Statements
For the year ended 30 June 2015

2015

2014

Note 29: Restatements (Continued...)

(iii) During the prior financial years, the company acquired intangible assets that were being amortised at a rate now considered to be insufficient. Accordingly the profit and loss has been restated to a new rate based on an industry standard for similar companies. Based on a reassessment of the transaction and in accordance with AASB 138 - Intangible Assets, a restatement has been made to recognize amortization for these assets in prior periods.

(iv) The company had issued 10% convertible notes between Apr – Jun 2011 for \$245,331, and 12% convertible notes between February – March 2014 for \$550,501. The notes are convertible to ordinary shares at the option of the holder, or repayable on the 30 September 2016. The conversion rate is at the rate of \$0.75 per share for the 10% convertible notes and \$0.85 per share for the 12% convertible notes. The total face value of these convertible notes is \$795,831, and the value of associated conversion rights is \$148,706 which has been valued using the Black-Scholes option pricing model, assuming a market rate of 15% for equivalent non-convertible bonds at the issue date. A restatement has been made to recognize these conversion rights under the equity option reserves in prior periods and have been reduced from the aggregate face value of convertible notes in the balance sheet.

(v) During prior financial years, share options had been granted to select employees as part of their remuneration. The associated share option expense have been accounted for in accordance with AASB 2 at fair value at issue date and as there is no market price, the expense has been determined using the Black-Scholes option pricing model. A restatement has been made to recognize the share option expense under the equity option reserves in prior period by adjusting the same in retained earnings.

First Wave Technology Pty Ltd
ABN 99 098 940 544
Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Steve O'Brien
Director



Scott Kelvin Lidgett
Director

Dated: 17 December, 2015

First Wave Technology Pty Ltd
ABN 99 098 940 544
Independent Auditor's Report

Report on the Financial Report

We have audited the accompanying financial report of First Wave Technology Pty Ltd (the company), which comprises the Directors' Declaration, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes In Equity, a summary of significant accounting policies and other explanatory notes for the financial year ended 30 June 2015.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of First Wave Technology Pty Ltd on 30 June 2015 would be in the same terms if provided to the directors as at the time of this auditor's report.

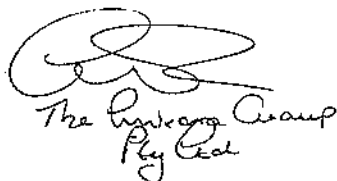
First Wave Technology Pty Ltd
ABN 99 098 940 544
Independent Auditor's Report

Opinion

In our opinion:

- a. the financial report of First Wave Technology Pty Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. The financial report also complies with International Financial Reporting Standards.

Signed on 17 December, 2015:



*The Linkara Group
Pty Ltd*

Lindsay Karathanassis, Director Registered Company Auditor Licence No.328217
The Linkara Group Pty Ltd
3/91 Frederick Street MEREWETHER NSW 2291