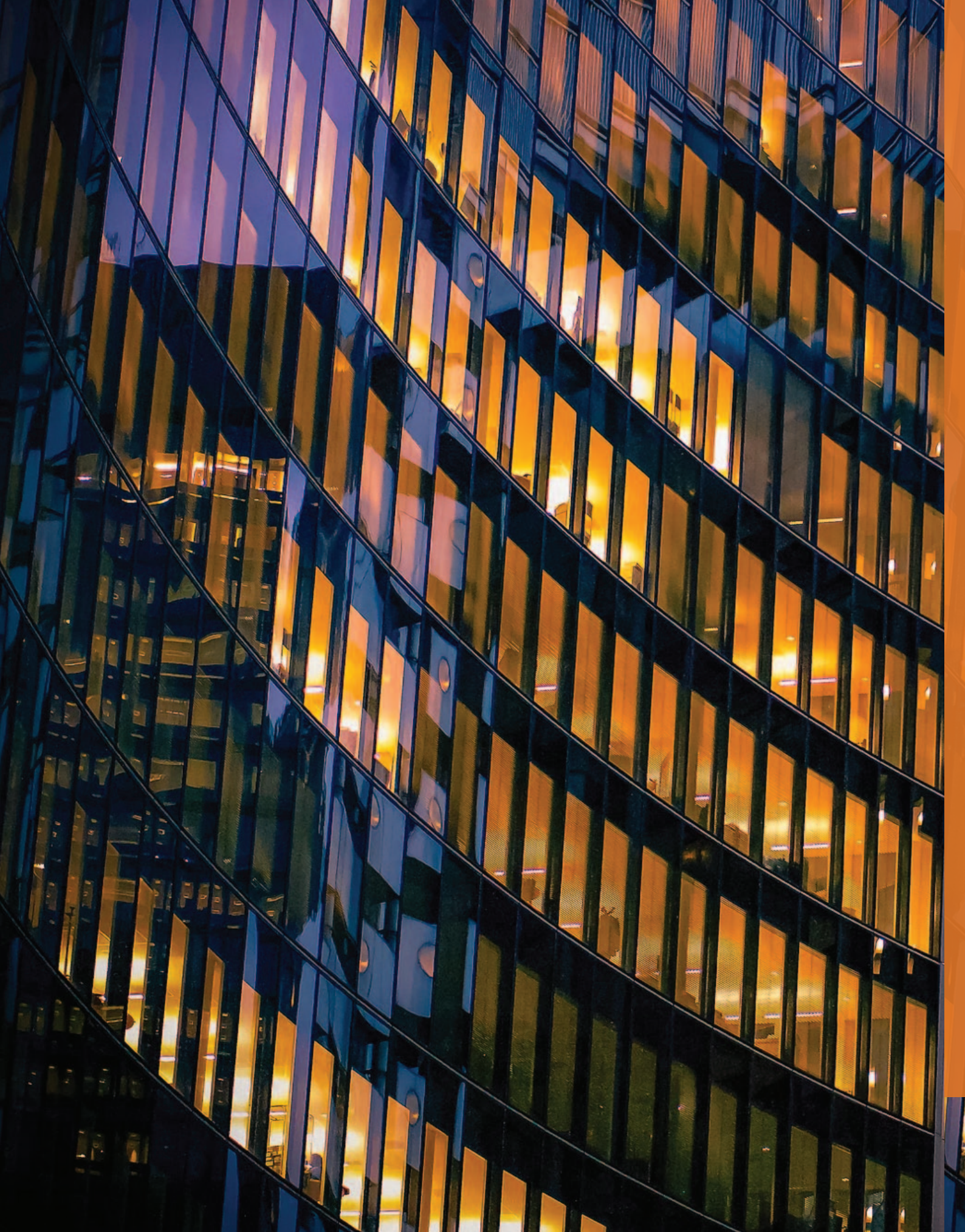




ANNUAL REPORT 2017

Urbanise.com Limited
ABN 70 095 768 086







AT URBANISE, WE BELIEVE
ITS TIME FOR SMARTER
WAYS TO SERVICE OUR
**CITIES, BUILDINGS,
COMMUNITIES & HOMES.**



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THE CHAIRMAN'S REPORT

Dear Shareholder

While there is reason for optimism going into FY18, the last twelve months have been operationally challenging and the financial results disappointing.

Changes at Board and Management led to a widespread business review which included a re-assessment of the carrying value of assets, product strategy, the organisation structure and an initial review of operational strategy.

This review has led to a write down in the carrying value of assets, strengthening of the management team, changes in the organisation structure to improve accountability, review of product strategies and priorities and the commencement of review of market strategies including an assessment of target geographies and go to market approach.

Urbanise has built its capabilities and strategy around cloud based SaaS (software as a service) which aims to grow recurring revenue. In past years, the business has been too reliant on one off revenues that have had limited impact in growing recurring revenue. There is now a clear focus on growing the recurring revenue base. Contracted recurring revenue grew strongly with the King Price agreement in late FY16 and the signing of a major contract with PICA in FY17.

The implementation of both these projects rely on product development that will continue into the first half of FY18 before recurring revenue begins to be fully recognised.

I am confident that the changes implemented in the second half of the 2017 financial year together with the strengthened management capability will drive substantial improvements in operational performance in the next twelve months and beyond.

Financial Performance

The financial results for the twelve months ending June 2017 reflect both an underlying poor result, driven by a range of operational factors, and a write down of the carrying value of assets to properly represent the position of the business.

Revenue for the 12 months ending the 30th of June 2017 was \$5.1 million compared to \$9.8 million for the previous corresponding period. Importantly, notwithstanding delays in implementation of key projects, recurring revenue grew by 21%. Fewer than expected one off sales, compared to the previous period, resulted in lower overall revenue.

Earnings before interest, tax and depreciation (EBITDA) and before impairment charges was a loss of \$12.3 million. The net loss after tax was \$36.2 million. This loss was driven by a number of factors including, the impairment of intangibles and debtors; the continued investment in new product and improving existing products; the decision to step up the investment in sales, support and implementation staff to support expansion; a shortfall in revenue due to a longer than anticipated sales cycle of the software platform; underperformance of reseller and partner networks; implementation delay as clients wait for the new release of the Strata product and de-recognition of deferred tax assets.

Board and Management

In October, Arlene Tansey resigned from the Board and I was appointed to your Board as its Chairman. In January 2017 Ben Churchill resigned as Chief Executive Officer and Michael Waymark resigned as Chief Operating Officer. The Board immediately commenced a search for a new Chief Executive Officer (CEO) and the appointment to that role of Henry Arundel was announced in May 2017 with Henry's appointment taking effect in August 2017. Other senior management additions included the appointment of Vivienne Selzer as the Chief Financial Officer and Saurabh Jain as Chief Solutions Officer. These changes in the executive team are expected to materially strengthen the management of the business going into FY2018.

The changes in management were implemented alongside an assessment of short to medium term market opportunities. It was clear from this assessment that the APAC region will provide the majority of opportunities in the foreseeable future. Consequently, the corporate centre will move from Dubai to Australia. This change together with a review of management structure and accountability necessitated a review of Executive

Management remuneration structure to ensure salaries were benchmarked to Australian conditions. The Board has approved a new executive remuneration structure that includes Short Term Cash Incentives (STI) and Long-Term Share based Incentives (LTI) for the CEO and his direct reports. The new structure will ensure that we have the capability of attracting and retaining talented executives into the future.

Capital Management

Urbanise continued investment in staff and operational infrastructure in existing geographies to position for significant growth with large client opportunities, and to build scale. In addition, the company continued its significant investment into product development and systems to support customers in each geography. These initiatives are cash intensive and required the injection of additional capital in FY2017.

On 4 January 2017, Urbanise announced a fully underwritten rights issue of 32.265 million shares to raise \$7.259 million. The rights issue was on a 1:8 basis at an issue price of 22.5 cents per share. The offer was fully underwritten by Argosy Capital Limited. On 28 March 2017, an Extraordinary General Meeting (EGM) was held which approved the issue of a further 31.4 million shares at a value of \$7.074 million to Argosy Capital Limited as underwriting to the rights issue.

On 8 February 2017, Urbanise completed a share placement to support a technology acquisition and fund business growth. Argosy Capital Limited subscribed for 63.5 million shares at 22.5 cents per share to raise \$14.287 million. The shares are subject to a voluntary restriction deed (escrow) for a period of 18 months. Approximately \$12m of the proceeds were used to fund the acquisition of Wattkeeper and Intelligen intellectual property and certain business assets from Infotech (Pty) Limited.

The balance of funds of \$9.5m from the placement and rights issue is being used to pay transaction costs, employee costs, sales & marketing, travel expenses, finance and administration expenses to fund strategic market development and expansion activities. At 30 June 2017, Urbanise had a net cash position of \$5.2 million, with no external debt or borrowings.

Product Strategy

Urbanise is a leading provider of industry specific cloud-based (SaaS) software platforms designed and developed for the Strata, Facilities Management and Insurance industries. The software is complemented by remote sensors, meters and devices that monitor critical assets to provide enhanced visibility and response. While the long-term strategy is to fully integrate these platforms, each product/platform stands alone in terms of market opportunity and will be developed independently in the short term.

At its core, the Strata Platform (Strataware) is a management, communication and accounting platform

used by professional property managers, strata managers and developers. To ensure it remains the leading strata platform in the market, several enhancements to the platform have been implemented since its acquisition in 2015. Notwithstanding these enhancements, the platform is old technology and a major redevelopment of the platform has been initiated.

The Facilities Management (CAFM) platform is a cloud (SaaS) system that helps facility managers to increase the utilization of space and facilities, reduce moving and reallocations, plan preventative maintenance, efficiently execute reactive maintenance, standardize services, and streamline processes. There were several users of the platform in the Middle East but not elsewhere. Recent enhancements to the platform has made it more fit for purpose in the ANZ market and this has resulted in the first major contract win in New Zealand and a further two in Australia.

The IOT Platform is Urbanise's third software platform. The software monitors and provides live data feeds being received from Urbanise's sensors, meters and devices in real time, through its wireless gateways, allowing asset owners to make informed asset management decisions. A new generation of sensors and gateways, that deliver enhanced capability at a lower cost, are being developed. In addition to a new generation of devices, software enhancements to analytics and reporting will ensure that the product remains market leading.

Outlook

Urbanise will continue to focus on growing its recurring revenue over the next twelve months. Contracted recurring revenue (underpinned by King Price and PICA) is expected to increase significantly through continued growth of the Australian strata market, market share gains in the Australian facilities management market and greater penetration of devices and sensors.

The Board is confident that a refocussed and competent management team led by Henry Arundel will deliver growth and improved financial performance in FY2018. Finally, on behalf of the Board, I would like to thank all our employees for their hard work and commitment over the last twelve months and our customers and shareholders for their support.

I would also like to acknowledge Arlene Tansey and Ben Churchill for their contribution to the development of the Company.



Anthony Scotton
Chairman

THE URBANISE SERVICES PLATFORM

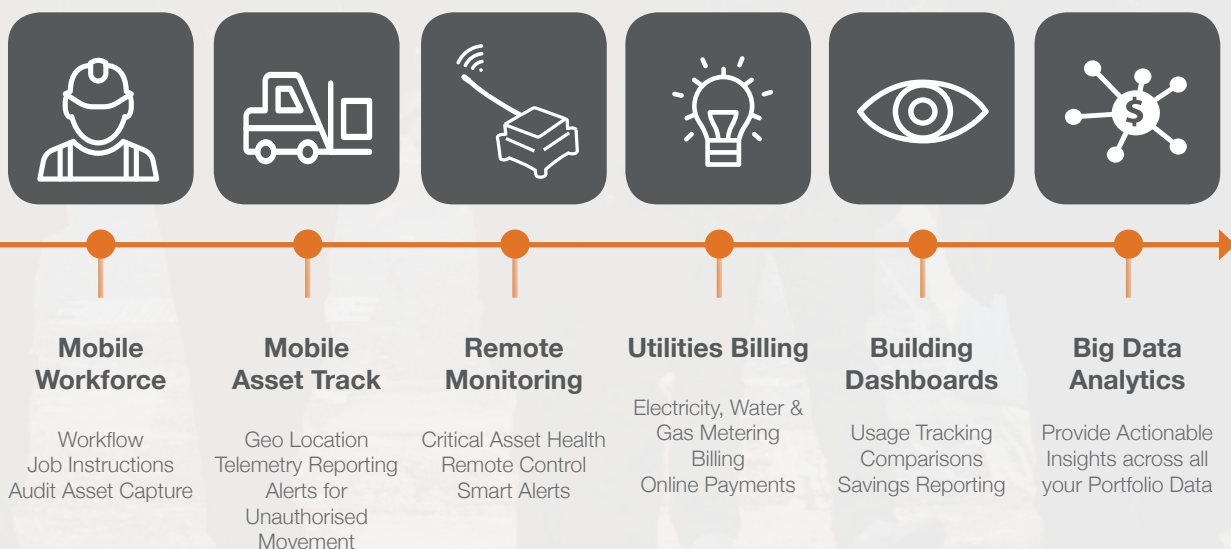
A Unified Platform for the Urbanise



Property Managers, Developers and Building Operators can benefit from one or all modules which can be added as your business evolves and expands over time.



Building Services Ecosystem





A woman with long dark hair is shown in profile, smiling and looking at a laptop screen. She is wearing a dark top. The background is blurred, showing an indoor setting with a plant and a chair. A large orange rectangular overlay covers the right side of the image, containing white text.

SOME OF THE CLIENTS
REDEFINING SERVICE
DELIVERY **WITH THE
URBANISE PLATFORM**

THE BASATIN LANDSCAPING SUCCESS STORY

The Challenges of a Flourishing Business

In spite of the high demand for its services, Basatin soon faced operational difficulties due to the rising number of clients, enquiries and support requests, which soon overwhelmed the small helpdesk. Rami Tarazi, the General Manager at Basatin Landscaping explained that as the company grew in size, so did the level of logistical and administrative complexity. 'With 4 employees, it is very easy to keep track of jobs delivered, scheduled and planned as well as reporting and invoicing. However, without the appropriate tools, it is extremely challenging to do so with a mobile workforce of 300 and a growing number of clients.' At its peak, Basatin was receiving up to a hundred emails,



phone calls and support requests a day – all of which were being dealt with manually. Not only was this process time-consuming but there was also no direct control in terms of accuracy or outcome.

They encountered a similar problem with the management of their workforce. Over 200 gardeners were required to fill out a paper-based work checklist for each client on a daily basis. Data from the checklist was then manually entered into an excel file by the helpdesk to track work done and benchmark against requirements. This time-consuming process relied too heavily on the good faith of the workforce to provide accurate information whilst failing to provide senior management any visibility or control over the process.

The management team quickly realised that these operational challenges would eventually affect their customer loyalty and they consequently started looking for an innovative software that could help them streamline their operations, which led them to the Urbanise Platform.

With the Urbanise Facilities Management Platform, the Basatin help desk now logs incoming requests into the cloud platform directly and all jobs – whether scheduled or delivered – are visible in real-time to the help desk, mobile workforce and senior management alike. This has had important implications, with the time spent on support request decreasing by up to 40%. Additionally, the gardeners have access to their work schedule for the day on their smartphones and tablets, all wirelessly connected to the cloud platform and updated in real-time. They fill out their job checklists directly on their devices, thereby eliminating all risks of information manipulation.

Entering a new lucrative Market

Rami Tarazi explains that having complete visibility and flexibility over their operations created an opportunity to enter the residential landscaping market. This was a territory they could not have operated in previously, due to the logistical challenges linked to substantially increasing the number of individual clients, jobs and requests and the hassle of payment collection. With the Urbanise Platform, they knew that they only had to focus on service delivery and the underpinning cloud solution would take care of the rest.

Since launching its residential landscaping service offering in 2017, Basatin has not only seen an increase in their revenues but they have also started promoting their residential landscaping packages on the custom Urbanise e-services web portal. Basatin's reputation for quality service delivery combined with the convenience for customers to order and pay for services online creates a differentiated and unique service in the competitive residential landscaping market thanks to which they have already sold over 100 Residential Annual Maintenance Packages online and their expected revenue from this market for 2018 is set to grow substantially.

Conclusion

With the Urbanise Facilities Management Platform, Basatin Landscaping proactively solved operational challenges associated with their rapid expansion and discovered new opportunities in the process. By choosing the right tools for their needs and prioritising innovation and quality, they have managed to pierce the competitive residential market thereby increasing their revenue, expanding their geographic reach and growing their business.

The Urbanise Facilities Management Software solved Basatin's operational challenges and provided them with the tools necessary to enter a new market

TIME SPENT
ON SUPPORT
REQUESTS
DROPPED BY

40%



OVER

100

RESIDENTIAL
ANNUAL
PACKAGES SOLD
WITHIN MONTHS



Established in 2013, Basatin is a UAE based specialist landscaping service provider with a reputation for delivery and customer service. In the short space of four years, Basatin experienced stellar growth, going from 4 employees in 2013 to 300 employees, 106 active customers and 40 projects in 2017. It also counts some of the most iconic communities and property developers in the UAE as clients

The Urbanise Strata Software suite helped Al Mouj Muscat increase their efficiency with intelligent financial and accounting property management and interconnectivity with tenants and community managers.



8,000

SERVICE CHARGE
INVOICES PA



1,500

APARTMENTS AND
RESIDENCES



50

MAINTENANCE
REQUESTS PER
MONTH ONLINE



12,000

UTILITY INVOICES PA

Al Mouj Muscat is a world-class seafront community situated along the gorgeous coast of Muscat, Oman. The freehold properties offer an exceptional lifestyle experience, featuring lush green spaces, vibrant dining and retail services, inland waterways and the only PGA approved golf course in Oman. Al Mouj Muscat enjoys a variety of lavish, universally recognized hotels, such as the Kempinski and Shaza Hotels. The multi-use development, which includes a 400-berth marina, a shopping center and over 70 retail outlets is a reflection of authentic Omani architecture and houses 1,500 apartments and villa residences with expansion continuing to grow organically since construction began in 2006.

THE AL MOUJ SUCCESS STORY

Al Mouj Muscat has been using Urbanise's Strata software since 2013 to successfully manage their portfolio of apartments, villas and retail outlets.

Their management team use Urbanise's strata management system for all the accounting, service charge invoicing, utility invoicing and communication for the community. They have also invited the thousands of Al Mouj Muscat owners and tenants to use the Urbanise community portal system "MyCommunity" where owners can pay their service charges online, communicate with the Al Mouj team, raise maintenance requests, view important documents and feel a part of this vibrant community.



Reaping The Benefits

Four years after implementing the Urbanise Strata software, Al Mouj Muscat is still extremely pleased with their choice of software having experienced an increase in productivity over the years linked to streamlined operations and improved efficiencies.

Al Mouj Muscat sends out over **8,000 service charge invoices** and over **12,000 utility invoices every year**. Using the Urbanise strata system, the whole process of budgeting for service charges and sending out thousands of invoices can literally take minutes, saving community managers time and improving their overall efficiency. Owners can then go onto their web portal, see a live statement of account, view their PDF invoice and then pay via a secure credit card gateway. This means transactions are automatically reconciled in the accounting system, significantly reducing processing time.

The MyCommunity portal in particular and its online payment system has proven to be an invaluable investment for Al Mouj Muscat, as many of their tenants and investors live overseas. The community management team currently receive over **50 maintenance requests** via their call centre or online every month. The MyCommunity portal enables residents to not only raise these requests online, but also track their progress all the way through to completion. This level of "self-service" and transparency for residents is now expected in world-class communities such as Al Mouj Muscat. MyCommunity

has also become an irreplaceable tool to the community managers as they can send SMS messages and broadcast information about events and other matters happening in the community.

Success Lies In The Right Fit

Alan Rowlands from the Community Management team at Al Mouj Muscat has witnessed other companies using 'property management' software systems that are not properly suited to community management, often requiring new systems and processes to circumnavigate the problems created by the inadequacy of the system, resulting in additional costs.

For Alan Rowlands the obvious advantage of Urbanise's strata systems is that 'they are both specifically designed for community management activities, covering data management, financial reporting and invoicing. Additionally, the communication requirements and challenges that community managers' face are solved with a custom built web portal that allows total engagement with the residents. Another unique advantage is around the clock support with a regional support team that helps clients with questions and queries, ensuring optimal support'.

Conclusion

The choice of strata software, for a prominent community with over 2,000 residential properties, a shopping mall and 70+ retail outlets, is very important and has significant repercussion. The right software can substantially help community managers streamline their operations, alleviate their workload, improve their processes and just as importantly help them engage and communicate with their residents. Al Mouj Muscat are now also evaluating some of Urbanise's other technology solutions including their e-Services, Assets and IoT platform.

LEADING INNOVATION IN STRATA MANAGEMENT

In November 2016, Australia's largest strata management company, the PICA Group, announced that it will implement the Urbanise Platform across its portfolio of 200,000 lots. This will involve the introduction of a world-class strata management system, mobile apps for customers, e-services storefronts, asset management and mobile workforce technology. The parties have also agreed to establish a strata bureau service, operated on the Urbanise platform, for the Australian strata industry which is more than 2 million lots nationwide. This ground-breaking 10 year technology agreement worth over \$20M marked the largest technological investment to date in the strata management industry in Australia and a new approach to strata management in which back office and technical operations are outsourced to significantly improve efficiencies.

During the past 8 months since signing the commercial agreement with PICA, Urbanise has successfully implemented the Urbanise Strata Platform in their Tuggerah branch consisting of 4,500 units, as well as one of their buildings in Jacksons Landing in Sydney. The migration of the remainder portfolio is expected to start towards the end of Q1 2018.

The Urbanise and PICA project teams have also finalised the planning for the migration of 11,000 buildings, 200,000 units and millions of lines of data and financial transactions. They have also successfully completed the design and technical documentation for the integration of the Urbanise platform to over 15 applications including banks, insurance companies, taxation agents, external mail-houses, Alfresco, Intellidox, Salesforce and Finance One.

In July 2017, the PICA Group together with Urbanise agreed to extend and enhance some of the features of the new Urbanise Strata Platform – including more sophisticated functions for Accounts Payable, additional Reporting capabilities and other exciting features that will soon be available to our global client base. Due to this extension in scope, the project Go-Live estimate has been adjusted to late Q1 or early Q2 2018. Both parties have agreed on revised commercial terms, which see Urbanise continuing to receive a monthly project fee and over AUD \$375,000 in license fees which will be invoiced before the end of the 2017/2018 financial year.

Interview with Greg Nash, CEO of the PICA Group and David Bugden, Head of Strata at Urbanise

The PICA Group and Urbanise have signed a 10-year technology agreement, worth over \$20M. The partnership marks the largest technological investment to date in the strata management industry in Australia

This deal represents a considerable investment in technology and innovation. Do you think this was a natural progression for the PICA Group?

Greg: Yes, most definitely. Our Group had been using a 20 year old proprietary application software system that we designed ourselves and the technology was becoming out-dated. Two and a half years ago, we decided to replace our core systems. We wanted to secure a strategic partnership with a credible industry partner.

David: The industry in general had a very similar history to Greg's company. It's a 40 year old industry serviced by a few major technology providers who started early on and are still offering server-based solutions to the market. The industry as a whole hasn't really innovated from a technological perspective but it's growing quickly and is ripe for innovation.

What are the expected benefits of this investment and how do you think your clients are going to benefit?

Greg: Our primary consideration is our customers. They deserve an advanced and modern service delivery system. A winning feature of the Urbanise platform was the self-service web portal that's at the heart of the software suite. It will revolutionise the way properties are managed. Customers now have the ability to efficiently self-service through a portal. Another good example would be the repairs and maintenance area of the business, which the Urbanise technology will streamline significantly by automating most of the process electronically.

David: The technology that Greg is explaining gives visibility to strata managers, customers and the supplier all on one cloud platform. All information about services is being shared in real time to participants. The industry is desperate for smarter tools that reduce the administrative burden of strata managers and allows them to spend more time on asset management.

Greg: A sensible aim for any strata management company should be to reduce costs. We estimate the PICA Group will experience a 40% increase in productivity as a result of implementing this technology.

What are the most important trends that will shape the future of strata management in the coming years?

Greg: Knowing your customer. The customer-relationship management system that has been specially built to



Greg Nash
CEO of PICA Group



David Bugden
Head of Strata at Urbanise

suit the property service industry by Urbanise is going to be very important. Another current area of interest is the sustainability of buildings and utilities. Many companies, including the PICA Group, are starting to focus on sustainability.

David: Mobile will be a game changer in our industry. We already offer a mobile app for suppliers called "Force" which connects suppliers and engineers in the field to strata managers and their customers. And we are now in the process of launching a community app designed for strata owners and committees where they can access all their strata information, raise requests and buy services, either strata related or maintenance and lifestyle services.

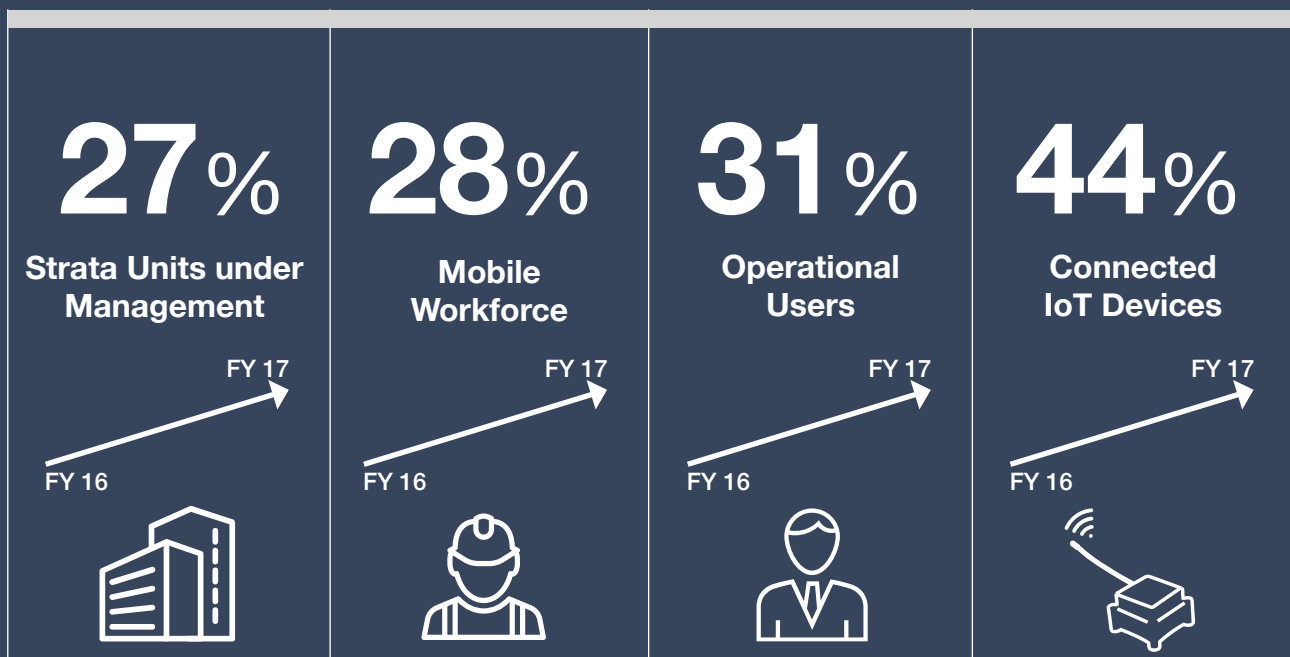
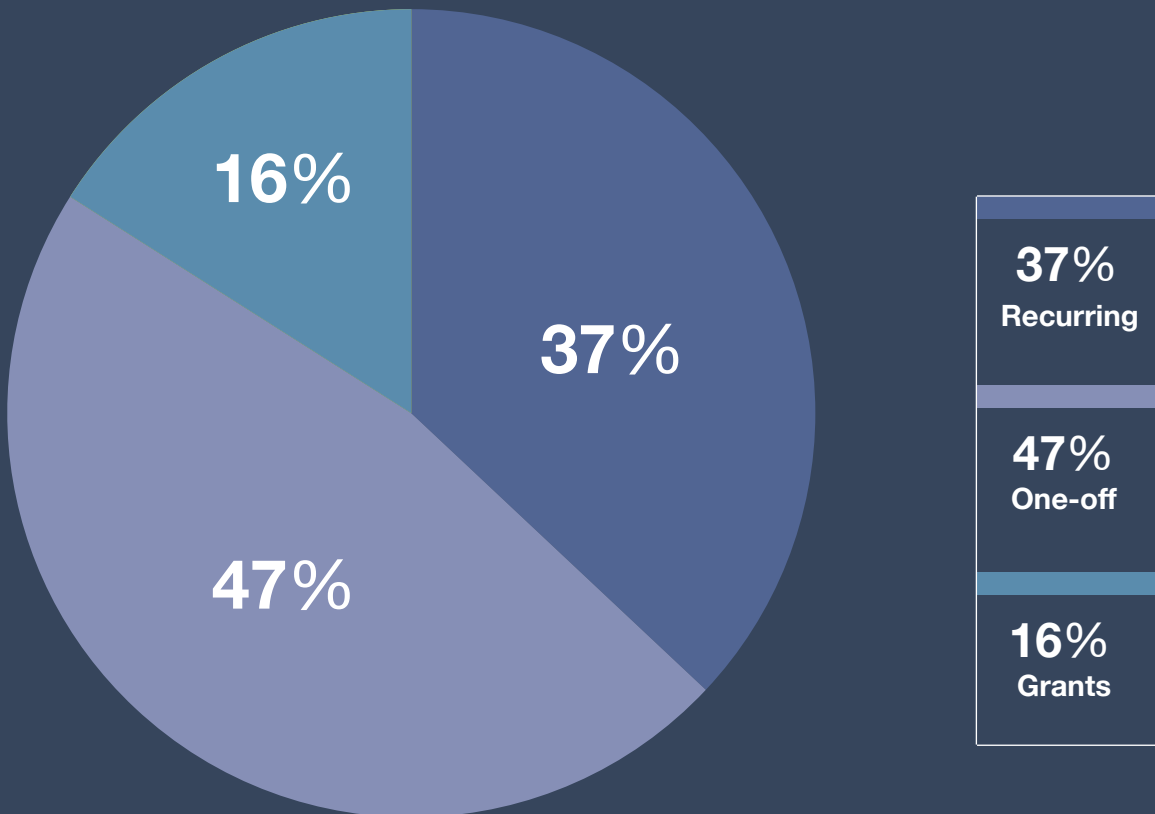
Another emerging trend is the Internet of Things (IoT). This involves devices connecting and communicating with one another over the internet. By collecting and sending information from the field straight to strata managers IoT devices enable managers to proactively manage assets and locations. Some practical examples include flood sensors in lift wells that detect flooding, motion sensors that detect when garage doors are open too long or vibration sensors on AC units. These sensors encapsulate the concept of proactive asset management, helping to reduce expensive maintenance costs and insurance risks.

What role do you think strata companies have in making their buildings green and do you think they have a responsibility to keep national emissions down?

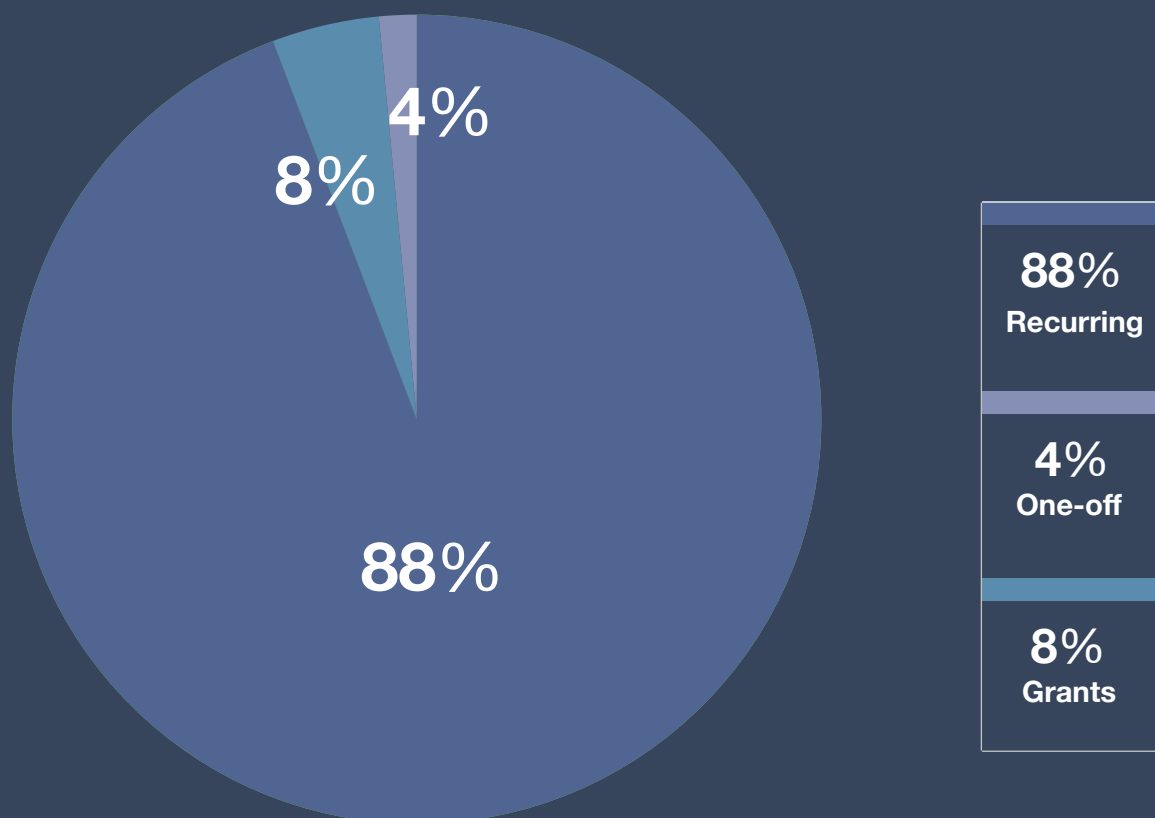
Greg: We have a responsibility to try and bring solutions to our clients in many areas, including sustainability opportunities. We are receiving a lot more enquires into what we can do, not just to make buildings greener but also to save money through energy saving opportunities. We are looking at partnering with companies that provide solar systems, embedded networks off the grid, sharing of energy between buildings, lithium battery storage, smart metering systems and smart billing systems. Technology will boost the efficiency of these things over the next 10 to 20 years within the sustainability sector. Of course, we have a role to play and we take that role very seriously.

REVENUE MIX

FY 16



FY 17



21% Recurring Revenue Up ▲

MONETISING THE ENTIRE PROPERTY VALUE CHAIN

Our continued investment in technology development has enabled us to provide a solution for every participant in the property ecosystem.



Building Occupants

Web portals and mobile apps that provide convenient community and building communications as well as enable the ordering and payment for services.



Property & Strata Managers

A platform for managers to administer large building portfolios, communicate with occupants, coordinate building administration tasks as well as manage and automate building financials and payments.



Facility Managers

A platform for managers to maintain large building portfolios, plan and execute regular asset maintenance, respond to breakdowns as well as manage supplier and sub-contractor activities.



Building Operations

A platform for tracking the status of critical systems and spaces in buildings using IOT sensors which enable rapid response to issues and the optimisation of space and utility usage.



Sub-contractors

Web portals to receive work orders electronically and dispatch them to field staff, track team progress as well as submit quotations and invoices without any paperwork.



Workforce

Apps to receive jobs at any time, accept while mobile, record job activities and status progress in real time, submit quotes and invoices electronically as well as provide job summary reports all with a few clicks.



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DIRECTOR'S REPORT

The Directors of Urbanise.com Limited (Urbanise) present their annual financial report of the Company for the year ended 30 June 2017 and auditor's report there on.

Information on Directors and Company Secretary during or since 1 July 2016

Anthony Scotton

Chairman (appointed 14 October 2016)

Acting Chief Executive Officer (appointed 1 February 2017)

Anthony Scotton was appointed as a Director and Chairman of the Company replacing Arlene Tansey. Anthony has also assumed the role of Acting Chief Executive Officer until Henry Arundel commences as Chief Executive Officer.

Anthony has extensive experience in the service, manufacturing and distribution industries and previously served as Chairman on the Board of Onthehouse Holdings Limited (ASX: OTH). Onthehouse is an online real estate content and services platform headquartered in Brisbane.

The activities include the provision of real estate software and website solutions to real estate agents and real estate groups in Australia and New Zealand.

Anthony also chairs the Board of Precise Air Group Pty Ltd, a privately held transnational services and installation business. Most recently he held the position of Chief Executive Officer and Executive Director of SAI Global (ASX: SAI) from 2007 to January 2014, and prior to this he served as the Managing Director and Chairman of the Construction Products Division of Pacifica Group.

Anthony sits on the Audit and Risk Committee of Urbanise and is a member of the Remuneration Committee.

Benjamin Churchill

Non-Executive Director

Chief Executive Officer (resigned 31 January 2017)

After more than a decade with Carillion PLC, Ben was appointed Managing Director of Emrill Services LLC in 2010. As the largest integrated facilities management company in the United Arab Emirates, Ben's portfolio of clients included Emaar, Festival City, Masdar City, Etihad Airways, World Trade Center Abu Dhabi, Anantara and two of the world's tallest and most prestigious residential towers – Torch Tower and Princess Tower.

Ben resigned as Chief Executive Officer in January 2017, assuming a part time advisory role and Advisory Board Member to assist Urbanise in pursuing strategic opportunities.

Robert Gordon Cumming

Chief Product Officer

Robert has more than 20 years' experience in technology design and productisation, strategic business consulting and developing next generation business models for the building industry. He was a founding member of Sausage Software the first Internet company to list on the Australian Stock Exchange. At Sausage, Rob led Research and Development around the HotDog web authorising tool and development of the first commercial product to process online credit card transactions.

Following the company's acquisition in 2001, Rob formed specialist technology development business Myretsu in conjunction with Sausage Founder Steve Outtrim, and created Urbanise. Rob has since led a team that has designed and developed advanced technology solutions for a range of industry sectors. Rob set up Urbanise in the Middle East, and work in partnership with Cisco Systems Inc. on Smart City initiatives in the GCC region.

As Chief Product Officer, Robert is responsible for driving the strategic development and roadmap of the Urbanise Platform and associated products.

Russell William Bate

Non-Executive Director

With more than 35 years in the IT industry, Russell held senior management positions in both hardware and software companies, retiring from full time employment in 2002 as Vice President Product Sales Operations – Asia Pacific for the US multinational Sun Microsystems. He was responsible for direct sales operations in Sun's Asia Pacific region, an area that included the ASEAN countries, Australasia, China, the Indian sub-continent, Japan, and Korea. Russell joined Sun in 1992 and was appointed Australasian Managing Director in 1994. He managed the Australasian operation through five years of record growth. In 2000 Russell was awarded Sun's prestigious Leadership Award and was elected to Sun's Leadership Council and was promoted to the position of Vice President – Product Sales Operations for Asia Pacific and became the first Australian to be made a Vice President at Sun. Since his retirement Russell has retained a close association with the IT industry. Russell is a former board member and past Chair of Musica Viva Australia, Australian Distributed Incubator, CR X Pty. Ltd. and Field and Game Australia and was a board member of the Australian Broadcasting Corporation and the Australian Information Industry Association.

Russell was awarded the Medal of the Order of Australia (OAM) in 2012. He is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

David Bruce Burlington

Non-Executive Director

Currently a Partner at Armanino, David is responsible for leading the Financial Cloud Solutions Practice. Armanino is a leader in providing world-class financial solutions and services to its clients.

As Chief Operating Officer of Epocrates from 2010 to 2012, David was responsible for the day to day operations of the company's market leading mobile content and collaboration tools that allow physicians to provide better patient care. Prior to this, David was Group Vice President, Products and Technology at Taleo Inc. leading the company's transformation from a single product recruiting business to the market leading talent management suite of solutions. Before joining Taleo in 2005, David was Senior Vice President of Product Development at Comergent Technologies Inc. where he managed the overall product development of the company's suite of product – including product strategy, product management, engineering and customer support. David has also served as Managing Director of PeopleSoft Inc., and held positions at Gap Inc. and Anderson Consulting.

David is Chair of the Remuneration and Nomination Committee and is a member of the Audit and Risk Committee.

Almero Strauss

Non-Executive Director (appointed 8 February 2017)

Almero is a director and has been an executive member of the Merteck Group's investment team since 2008. Merteck is a private investment group that was founded in 1980. From a single, start-up business Merteck has grown into a diversified investment portfolio with significant interests in companies in the technology, commercial

property, financial services, fintech, renewable energy, mining and logistics industries. Almero looks after and represents Merteck on the Board of Infotech (one of South Africa's oldest IT companies).

Almero also represents Merteck on the Boards of Mobile Data (develops and manages TradeSwitch®, a virtual product distribution platform), Renewable Energy Holdings (the foremost independent developer and long-term investor in the hydropower sector in South Africa), Merteck Marine (a world leader in the recovery, dismantling and recycling of out-of-service deep sea telecommunication cables), and Tala Resource Development (a greenfield and brownfield mineral developer in the Southern African region).

Having initially qualified and worked as an electronic engineer, Almero also obtained pre and postgraduate accountancy qualifications from the University of Cape Town before launching his career in strategy and management consulting. During his career Almero has worked with leading international firms Bain & Company and Deloitte in South Africa and the USA. Almero was also a founding member of Decipher Consulting, a South African niche consulting firm, where he was an executive director of the business. Almero is a member of the Audit and Risk Committee.

Arlene Tansey - Chairman (resigned 14 October 2016)

Company secretary

Kim Clarke held the position of Company Secretary of Urbanise.com Limited at the end of the financial year. Kim is an experienced business professional with 22 years' experience in the Banking and Finance industries and 7 years as a Company Secretary of an ASX300 company. Her experience includes debt and capital raising, risk management, mergers and acquisitions, compliance and governance. Kim currently acts as Company Secretary to various ASX listed and unlisted companies in Australia and is the Head of Corporate Services for Boardroom's Queensland office.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Urbanise Office ⁽ⁱ⁾
Anthony Scotton	Onthehouse Holdings Limited (resigned 11 May 2016)	Chairman/Acting CEO
Benjamin Churchill	nil	Non-Executive Director
Robert Gordon Cumming	nil	Executive Director
Russell William Bate	nil	Non-Executive Director
David Bruce Burlington	nil	Non-Executive Director
Almero Strauss	nil	Non-Executive Director

(i) Current directorship unless otherwise noted.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Shareholdings

The following table sets out key management personnel's relevant interests in shares and options of the Company as at the date of this report. The issuing entity of each share and option is Urbanise.com Limited.

Each option when exercised entitles the holder to one ordinary share.

Directors and other key management personnel	Number of fully paid ordinary shares ⁽ⁱ⁾	Number of Options
Directors		
Anthony Scotton	5,100,000	-
Benjamin Churchill	1,584,134	6,000,000
Robert Gordon Cumming	10,369,453	6,000,000
Russell William Bate	929,969	2,000,000
David Bruce Burlington	93,454	1,400,000

⁽ⁱ⁾Includes all direct, indirect or associated party ownership

During the financial year there were no share options (2016: 200,000) granted to officers of the Company as part of their remuneration.

Principal activities

Urbanise is a leading provider of industry specific cloud-based software platforms designed and developed for the Strata, Facilities Management and Insurance industries. The software is complimented by remote sensors, meters and devices that monitor critical assets to provide enhanced visibility and response.

Review of Operations

The Company continued investment in staff and operational infrastructure in existing geographies to position for significant growth with large client opportunities, and to build scale. In addition, the company continued its significant investment into product development and systems to support customers in each geography.

The strategy was successful in the Australian and South African markets where considerable investment was made in the improvement and localisation of Urbanises platforms to continue support for client contracts. Moderate success was achieved in the Middle Eastern market. Urbanise has now discontinued direct sales in Europe and moved to a partner-based approach. The partner reseller and distributor network is undergoing a review and renewal.

The Company maintained its existing footprint in Australia, Singapore and the UAE, while adding an additional office in South Africa. The offshore software development team in Bulgaria was further enhanced.

Global Headcount increased from 84 to 123.

Capital Raising

On 4 January 2017, Urbanise announced a fully underwritten rights issue of 32.265 million shares to raise \$7.259 million. The rights issue was on a 1:8 basis at an issue price of 22.5 cents per share. The offer was fully underwritten by Argosy Capital Limited. On 28 March 2017, an Extraordinary General Meeting (EGM) was held which approved the issue of a further 31.4 million shares at a value of \$7.074 million to Argosy Capital Limited as underwriting to the rights issue.

On 8 February 2017, Urbanise completed a share placement to support a technology acquisition and fund business growth. Argosy Capital Limited subscribed for 63.5 million shares at 22.5 cents per share to raise \$14.287 million. The shares are subject to a voluntary restriction deed (escrow) for a period of 18 months. Approximately \$12m of the proceeds were used to fund the acquisition of Wattkeeper and Intelligen intellectual property and certain business assets from Infotech (Pty) Limited.

The balance of funds of \$9.5m from the placement and rights issue is being used to pay transaction costs, employee costs, sales & marketing, travel expenses,

finance and administration expenses to fund strategic market development and expansion activities.

Financial performance

The company delivered revenues of \$5.1 million.

The reported net loss after tax of \$36.2 million was driven by a number factors:

- the impairment of intangibles and debtors;
- the continued investment in new product and improving existing products;
- the decision to step up the investment in sales, support and implementation staff to support expansion;
- a shortfall in revenue due to a longer than anticipated sales cycle of the software platform;
- underperformance of reseller and partner networks;
- implementation delay as clients wait for the new release of the Strata product; and
- de-recognition of deferred tax assets.

Capital and financial structure

At 30 June 2017, Urbanise had a net cash position of \$5.2 million, with no external debt or borrowings.

Business strategies and prospects

In the coming financial year, Urbanise will continue to build on its solid foundation:

Leveraging Recent Successes

The recent contract wins with King Price in South Africa and PICA in Australia (awarded in early FY17) are examples of national rollouts which will capture large sections of the residential value chain. These delivery models are readily transferrable across the company's current global footprint and beyond.

Additionally, Urbanise now has a solid IoT technology supply chain in place along with a growing list of successful trials and implementations that demonstrate savings in maintenance operations.

Partner program

Urbanise is accelerating the launch of the Partner Program in all active territories with both technology consulting partners and device distribution partners. Partners will provide turnkey implementations of Urbanise technology to clients in industries in which those partners are already active such as the industrial, aged care and hospitality sectors, building on the platform components, particularly the IoT Cloud. Partners will be assisted by the Global Partner Support Centre, which will provide partner onboarding, training and sales support.

Investment in Research and Development

Urbanise will continue to invest in research and development to enhance existing solutions, expand the number of applications provided and develop new solutions. Urbanise is focussed on continuous improvement which includes offering customers upgrades designed to enable our customers to benefit from ongoing innovations.

Build scale

Urbanise has invested in operations in the APAC, EMEA and South African Regions, and will continue to grow scale in these regions. Further geographic expansion will occur only after critical mass has been achieved in the current geographies.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group at the date of this report other than as already noted.

Subsequent events

On 21 August 2017, Henry Arundel commenced with Urbanise as Chief Executive Officer. Saurabh Jain commenced with Urbanise as Chief Solutions Officer on 9

August 2017. It was announced on 24 August 2017 that the Senior Management team, Robert Cumming, Adam Bate and David Bugden would be relocating to Australia to support the expanding customer base and pipeline opportunities in Australasia.

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

Environmental regulations

The Group's operations are not subject to any significant environmental regulation under Commonwealth or State regulations or laws.

Dividends

No dividends have been paid or declared since the start of the financial year.

Likely developments

The company will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

Directors' meetings

The number of Directors' meetings (including meetings of Board Committees) and the number of meetings attended by each of the Directors of the Company held during the financial year are detailed in the following table:

Name	Directors' Meetings		Audit & Risk Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Anthony Scotton	8	8	4	4	0	0
Arlene M Tansey	2	2	1	1	2	1
Russell William Bate	10	10	5	5	3	3
David Bruce Burlington	10	9	5	3	3	3
Benjamin Churchill	10	9	0	0	0	0
Robert Gordon Cumming	10	10	0	0	0	0
Almero Strauss	5	5	2	2	0	0

Share Options

Share options issued during the year are disclosed under shares under option or issued on exercise of options below. There were no share options issued to Directors during or since financial year end 30 June 2017.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report:

Issuing entity	Date options granted	Number of shares under option	Class of shares	Issue price of options	Expiry date of options
Urbanise.com Limited	9 August 2012	2,000,000	Ordinary	\$0.00	09 August 2017
Urbanise.com Limited	5 October 2012	1,400,000	Ordinary	\$0.00	09 August 2017
Urbanise.com Limited	4 May 2015	100,000	Ordinary	\$1.24	15 November 2022
Urbanise.com Limited	22 April 2015	100,000	Ordinary	\$0.75	06 February 2023
Urbanise.com Limited	11 December 2013	2,000,000	Ordinary	\$0.20	31 December 2018
Urbanise.com Limited	11 December 2013	2,000,000	Ordinary	\$0.20	31 December 2018
Urbanise.com Limited	11 December 2013	2,000,000	Ordinary	\$0.20	31 December 2018
Urbanise.com Limited	1 May 2015	200,000	Ordinary	\$1.25	31 December 2018
Urbanise.com Limited	30 June 2013	3,000,000	Ordinary	\$0.00	30 June 2018
Urbanise.com Limited	6 June 2014	3,000,000	Ordinary	\$0.19	06 June 2019
Urbanise.com Limited	4 August 2014	400,000	Ordinary	\$0.19	4 August 2019
Urbanise.com Limited	7 August 2014	5,426,405	Ordinary	\$0.19	31 August 2019
Urbanise.com Limited	10 December 2014	100,000	Ordinary	\$0.75	16 December 2019
Urbanise.com Limited	15 December 2015	162,500	Ordinary	\$0.69	15 December 2020
Urbanise.com Limited	29 April 2016	100,000	Ordinary	\$0.40	28 April 2021
Urbanise.com Limited	1 December 2016	500,000	Ordinary	\$0.47	22 November 2017
Total number of shares under option		22,488,905			

There were no shares or interests issued during or since the end of the financial year as a result of exercise of an option.

Indemnification of officers and auditors

The Company has entered into agreements to indemnify all the Directors and Officers named in this report against all liabilities to persons (other than the Company), which arise out of the Directors and Officers conduct unless the liability relates to conduct involving a lack of good faith or is otherwise prohibited by law. The Company has agreed to indemnify the Directors and Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

The Company has not during or since the end of the year indemnified or agreed to indemnify an auditor of the Company against a liability incurred as auditor.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined below.

	2017	2016
Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services	\$	\$
Assistance with compliance	5,000	-
Taxation advice	23,100	44,053
Total non-audit services of auditors	28,100	44,053

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- (i) all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- (ii) the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Urbanise or any of its related entities, acting as an advocate for Urbanise or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of Urbanise or any of its related entities.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Group

The Group has not applied for leave of court to bring any proceedings on its behalf.

DIRECTORS' REPORT – AUDITED REMUNERATION REPORT

This remuneration report, which forms part of the Directors' report, sets out information regarding the remuneration of Urbanise key management personnel for the financial year ended 30 June 2017.

The term 'key management personnel' is used in this remuneration report to refer to those persons having authority and responsibility for planning, directing and controlling the activities of Urbanise. Except as noted, the named key management personnel held their current position for the whole of the financial year and at the date of this report.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel details;
- Principles of remuneration and key terms of service agreements;
- Relationship between the remuneration policy and Company performance; and
- Remuneration of key management personnel.

Key management personnel details

The key management personnel of the Company during or since the end of the financial year were:

Non-Executive Directors

- Arlene M Tansey (Chairman, Non-Executive Director – resigned 14 October 2016)
- Russell William Bate (Non-Executive Director)
- David Bruce Burlington (Non-Executive Director)
- Almero Strauss (Non-Executive Director – appointed 8 February 2017)

Executive Directors

- Anthony Scotton (Chairman, Acting Chief Executive Officer – appointed 14 October 2016)
- Benjamin Churchill (Chief Executive Officer – resigned 31 January 2017)
- Robert Gordon Cumming (Chief Product Officer)

Other Key Management Personnel

All other personnel worked under the direction, instruction and supervision of the Executive and Non-Executive Directors and individually had no authority or responsibility for planning, directing and controlling the activities of Urbanise.

Principles of remuneration and key terms of service agreements

The Board policy for determining the nature and amount of key management personnel remuneration is agreed

by the Board of Directors after review, approval and recommendation by the Remuneration and Nomination Committee. The Chief Executive Officer's contract and remuneration is dealt with by the Board.

Compensation levels and structures for key management of the Company are competitively set to attract and retain appropriately qualified and experienced people and to reward the achievement of strategic objectives, and achieve the broader outcome of protecting and enhancing shareholder value. The compensation structures take into account the capability and experience of key management and the ability of key management to control areas of their respective responsibilities.

The Remuneration and Nomination Committee has access to independent advice and uses market data to assess the appropriateness of compensation packages in the Company given trends in comparative companies, and the objectives of the Company's compensation strategy. The principles used to determine the nature and amount of remuneration are as follows:

Alignment to shareholder interests:

- Level of achieved net profit and key operational criteria;
- Controllable financial drivers of the businesses including revenues, cash, margin, earnings per share, and capital management improvement;
- Business and operational drivers of the business including sales, market growth expense management and control; and
- Remuneration is set at a level to attract and retain high calibre executives.

Alignment to the key management interests:

- Appropriate rewards for capability and experience;
- Clear policies for earning rewards; and
- Recognition for contribution.

The framework provides a mix of fixed pay and variable at risk incentives and a blend of short and long-term incentives. In relation to long-term incentives, as executive's contribution and term with Urbanise increase they can be rewarded by gaining exposure to growth in the value of the Company through access to the Employee Share Option Plan.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee which provides recommendations

to the Board on remuneration and incentive policies and practices. The Committee provides specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Senior Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of the retention of a high-quality Board and Executive team.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the appropriate calibre.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a General Meeting. As previously approved by shareholders, the approved maximum aggregate annual remuneration of Non-Executive Directors is currently \$250,000.

The amount of aggregate remuneration and the manner in which it is apportioned amongst Directors is reviewed annually. The Board can access independent advice and industry benchmarks on fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. During the year no independent advice was obtained, however reference was made to public information. Almero Strauss, David Bruce Burlington and Russell William Bate have entered into letters of appointment with Urbanise.com Limited with no fixed term.

In the 2017 financial year Arlene Tansey, former Chairman, received a fee of \$8,000 (2016: \$24,000). Russell William Bate received \$5,913 (2016: nil) in remuneration for assisting with development and structure of the sales teams during the year. The other Non-Executive Directors did not receive a fee. There were no additional fees for the Chair of the Audit and Risk Committee and the Chair of the Remuneration and Nomination Committee. All fees are inclusive of superannuation. There are no additional fees for being a member of any committee.

The Board consider their composition to be appropriate for the needs of the Group in its current operating environment.

There were no options issued to the Non-Executive Directors during the financial year. Option issues are detailed later in this report.

Executive pay

The Executive pay and reward framework has three components: base pay and benefits, including superannuation (which comprise the fixed remuneration); short-term at-risk variable performance incentives; and long-term incentives through participation in the

Company's Employee Share Option Plan. The combination of these comprises an Executive's total remuneration cost.

There is or was a contracting agreement in place for the following Executive Directors:

- (i) Anthony Scotton, under which he is Acting Chief Executive Officer of Urbanise;
- (ii) Benjamin Churchill, under which he acts as Chief Evangelist and;
- (iii) Robert Cumming, under which he acts as Chief Product Officer of Urbanise.

All contracts remain in force unless terminated by either party giving notice. In the case of Anthony Scotton, two weeks' notice, Robert Cumming, three months' notice and Benjamin Churchill, one months' notice. Robert Cumming's contract commenced on 1 March 2009. Benjamin Churchill's contract commenced on 1 January 2014 and ceased on 31 January 2017 as Chief Executive Officer with a new contract in place from 31 January 2017 as Chief Evangelist. Robert Cumming is entitled to participate in an executive bonus plan. The availability of the executive bonus plan is at the discretion of Urbanise and there are no current executive bonus plans in place. Anthony Scotton is located in Sydney, Australia and his contract is governed by Australia law. Benjamin Churchill's contract is governed by Australian Law. Robert Cumming is located in the City of Dubai, United Arab Emirates and his contract is governed by Dubai Law. It is a requirement of Dubai law that employees are entitled, on final termination of their employment to receive a terminal gratuity. The gratuity is calculated on basic contract value and is paid provided that the employee has served the qualifying period entitling them to such benefit. The gratuity is calculated as 21 days' wages for each year in the first five years and 30 days' wages for each additional year on condition that the total of the gratuity does not exceed the wages of two years.

Executive remuneration is set to reflect the market for a comparable role and is reviewed annually to ensure the Executive's pay is competitive with the market. An Executive's package is also reviewed on promotion.

Fixed remuneration

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process includes review of relevant comparative remuneration in the market and internally, consideration of the CEO's recommendations and where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where it deems such advice to be appropriate.

Variable remuneration

The Company's variable remuneration comprises short-term and long-term incentives. The objective of the short-term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with the responsibility of meeting those targets.

The short-term incentives, comprised of annual cash bonuses, are paid if certain Key Performance Indicators (KPI's) are attained in the relevant period as approved by the Remuneration and Nomination Committee and the Board. Long-term incentives comprise equity instruments where the incentive involves the time-based vesting of options on the basis that the employee continues to be employed by the Company and is eligible under the Company's Employee Share Option Plan. Actual payments granted to each senior manager depend on the extent to which specific operating targets or KPI's set at the beginning of the financial year are met and can also be awarded at the discretion of the Board of Directors. The aggregate of annual payments available for executives across the Company is subject to the approval of the Remuneration and Nomination Committee and the Board. Payments made are delivered as a cash bonus in the following reporting period or in the case of an equity component, it is pursuant to the employment contract terms and as approved by shareholders.

The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, it provides the incentive for management to improve the Company's performance.

Performance criteria

Performance criteria are linked to the incentive program through the setting of key performance indicators relevant to each management position. The Non-Executive remuneration policy is not directly related to company performance. The Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the Company for shareholders.

For Executives and other key management personnel, the performance criteria are set by the Board and may include, but are not limited to:

- (i) Financial and operational targets linked to achievement of the Company's annual profit budgets and the level of achieved earnings before interest, tax, depreciation and amortisation (EBITDA) as determined by the Board from time to time including

- sales and controllable financial drivers including revenues, cash, market growth, earnings per share, expense management control and capital management improvement are important criteria;
- (ii) Strategic initiatives that provide for specific opportunities to be presented to the Board by management from time to time such as mergers and acquisitions that are value-accretive and the successful implementation of those initiatives;
- (iii) Corporate development matters including employment, retention and remuneration of core personnel, leadership and succession, cultural development and communication activities; and
- (iv) Risk management, including management and monitoring of material business risks. This includes maintaining a sound framework and controls in regard to financial and operational issues.

Relationship between the remuneration policy and Company performance

The achievement of Company strategic and financial objectives is the key focus of the efforts of the Company. As indicated above, over the course of each financial year, the Board, through the Remuneration and Nomination Committee reviews the Company's Executive Remuneration Policy to ensure the remuneration framework remains focused on driving and rewarding executive performance, while being closely aligned to the achievement of Company strategic objectives and the creation of shareholder value.

Total shareholder return is normally measured by the movement in share price from the start to the end of each financial year and dividends paid. No dividends have been declared in the past four financial years or for the current financial year. As the Company is in the growth phase of its life cycle, shareholder returns may not correlate with profits and/or losses reported in any of the recent financial years. Shareholder returns are more dependent on the future expectation of Company performance rather than Company earnings. Future expectations are also subject to the business prospects and significant risks as noted above.

Consequences of Company's performance on shareholder wealth

The table below sets out summary information regarding the Group earnings and movement in shareholder wealth for the five years to 30 June 2017.

	30 June 17	30 June 16	30 June 15	30 June 14	30 June 13
Revenue	5,051,125	9,843,669	10,169,276	5,180,664	1,626,431
Net profit/(loss) before tax	(33,155,812)	(11,800,141)	1,576,911	2,374,392	(44,163)
Net profit/(loss) after tax	(36,159,132)	(9,290,593)	719,985	1,529,064	2,203,046
Share price at start of year (dollars)	0.48	1.19	0.19	-	-
Share price at end of year (dollars)	0.05	0.48	1.19	0.19	-
Dividends paid (dollars)	-	-	-	-	-

Remuneration of key management personnel

		Short-term benefits		
		Salary and Fees	Short-term incentives	Allowances
Executive director		\$	\$	\$
Anthony Scotton	2017	106,215	-	-
Anthony Scotton	2016	-	-	-
Benjamin Churchill	2017	297,407	-	10,856
Benjamin Churchill	2016	413,744	-	10,358
Robert Gordon Cumming	2017	298,349	-	16,069
Robert Gordon Cumming	2016	310,708	-	3,913
Non-executive directors				
Arlene M Tansey	2017	7,306	-	-
Arlene M Tansey	2016	21,918	-	-
Russell William Bate	2017	5,400	-	-
Russell William Bate	2016	-	-	-
David Bruce Burlington	2017		-	-
David Bruce Burlington	2016		-	-
Other key management personnel				
Adam Bate	2016	227,596	-	191,865
Julian Boot	2016	165,848	-	-
David Bugden	2016	313,253	-	58,701
Mark Hough	2016	294,420	72,027	48,420
Michael Waymark	2016	86,154	-	-
	2017	714,677	-	26,925
	2016	1,833,641	72,027	313,257

Long-term benefits	Post-Employment benefits	Equity (long-term)		
Long service leave & gratuity	Superannuation	Options expensed in year ⁽ⁱ⁾	Options as proportion of total remuneration	Total
\$	\$	\$	%	\$
-	10,090	-	-	116,305
-	-	-	-	-
65,683	-	-	-	373,946
44,273	-	17,845	3.7	486,220
15,629	-	11,234	3.3	341,281
22,500	-	25,532	7.0	362,653
-	694	-	-	8,000
-	2,082	-	-	24,000
-	513	-	-	5,913
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,511	2,662	-	-	424,634
3,140	15,756	-	-	184,744
26,176	-	-	-	398,130
17,447	-	105,670	19.6	537,984
68	4,827	-	-	91,049
81,312	11,297	11,234	1.3	845,445
116,115	25,327	149,047	5.9	2,509,414

(i) There were no options issued to Key Management Personnel during or since the financial year end 30 June 2017 (2016: 200,000).

Key management personnel's share-based compensation

	Grant Date	Granted number	Value per option at grant date ^(vi)	Vest number during the year	Vest %
Directors					
Benjamin Churchill ⁽ⁱ⁾	11/12/2013	2,000,000	\$ 0.08	-	0%
Benjamin Churchill ⁽ⁱ⁾	11/12/2013	2,000,000	\$ 0.06	-	0%
Benjamin Churchill ⁽ⁱ⁾	11/12/2013	2,000,000	\$ 0.04	-	0%
Robert Gordon Cumming ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	30/06/2012	3,000,000	\$ -	-	0%
Robert Gordon Cumming ⁽ⁱⁱⁱ⁾	30/06/2013	3,000,000	\$ -	700,000	23%
Robert Gordon Cumming ⁽ⁱⁱⁱ⁾	6/06/2014	3,000,000	\$ 0.07	700,000	23%
David Bruce Burlington ^(iv)	5/10/2012	1,400,000	\$ -	-	0%
Russell William Bate ^(v)	9/08/2012	1,000,000	\$ -	-	0%
Russell William Bate ^(v)	9/08/2012	1,000,000	\$ -	-	0%

(i) The options granted were issued with options to vest in equal instalments over 24 months.

(ii) Robert Gordon Cumming – 3 million shares at an exercise price of \$0.20 lapsed on 30 June 2017.

(iii) The options granted were issued with terms of 30% to vest where the option holder remains an employee at the end of the first year and the remaining 70% to vest on a pro-rata basis on the last day of each calendar month over the next 3 years where an option holder remains an employee on that day.

(iv) The options granted were issued with options to vest in equal instalments over 24 months.

(v) The options granted were issued with options to vest in equal instalments over 12 months.

(vi) The value of shares in Urbanise prior to financial year 2014 were considered to have no value therefore options granted in the years preceding financial year 2014 were valued at nil.

Value exercised during the year	Number lapsed during year	Terms and conditions for each grant			
		Exercise price \$	Expiry date	First exercise date	Last exercise date
\$ -	-	\$ 0.20	31/12/2018	11/01/2014	11/12/2015
\$ -	-	\$ 0.24	31/12/2018	11/01/2014	11/12/2015
\$ -	-	\$ 0.30	31/12/2018	11/01/2014	11/12/2015
\$ -	3,000,000	\$ 0.20	30/06/2017	30/06/2013	30/06/2016
\$ -	-	\$ 0.20	30/06/2018	30/06/2014	30/06/2017
\$ -	-	\$ 0.20	6/06/2019	6/06/2015	6/06/2018
\$ -	-	\$ 0.20	9/08/2017	5/11/2012	5/10/2014
\$ -	-	\$ 0.20	9/08/2017	9/09/2012	9/08/2013
\$ -	-	\$ 0.20	9/08/2017	9/09/2012	9/08/2013

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or prior period.

Share options held by key management personnel

2017	Balance at 1 July 2016	Granted as compensation	Options converted
Name	Number	Number	Number
Directors			
Benjamin Churchill	6,000,000	-	-
Robert Gordon Cumming ⁽ⁱ⁾	9,000,000	-	-
Russell William Bate	2,000,000	-	-
David Bruce Burlington	1,400,000	-	-
2016			
	Balance at 1 July 2015	Granted as compensation	Options converted
Name	Number	Number	Number
Directors			
Benjamin Churchill	6,000,000	-	-
Robert Gordon Cumming ⁽ⁱⁱ⁾	17,300,000	-	(8,000,000)
Russell William Bate	2,000,000	-	-
David Bruce Burlington	1,400,000	-	-
Other key management personnel			
Adam Bate ⁽ⁱⁱⁱ⁾	2,700,000	-	(200,000)
Julian Boot ^(iv)	3,200,000	-	(100,000)
Mark Hough ^(v)	-	200,000	-

(i) Robert Gordon Cumming - 3,000,000 share options at an exercise price of \$0.20 lapsed on 30 June 2017.

(ii) Robert Gordon Cumming - converted 8,000,000 share options on 29 December 2015 at an exercise price of \$0.20. In addition, 300,000 share options held lapsed on 7 October 2015.

(iii) Adam Bate converted 200,000 share options on 29 September 2015 at an exercise price of \$0.20.

(iv) Julian Boot converted 100,000 share options on 7 October 2015 at an exercise price of \$0.20. On 7 October 2015 100,000 share options held by Julian Boot lapsed in accordance with the Employee Option Plan.

Options transferred/ forfeited	Balance at 30 June 2017	Balance vested at 30 June 2017	Vested and exercisable
Number	Number	Number	Number
-	6,000,000	6,000,000	6,000,000
(3,000,000)	6,000,000	5,300,000	5,300,000
-	2,000,000	2,000,000	2,000,000
-	1,400,000	1,400,000	1,400,000

Options transferred/ forfeited	Balance at 30 June 2016	Balance vested at 30 June 2016	Vested and exercisable
Number	Number	Number	Number
-	6,000,000	6,000,000	6,000,000
(300,000)	9,000,000	6,900,000	6,900,000
-	2,000,000	2,000,000	2,000,000
-	1,400,000	1,400,000	1,400,000
-	2,500,000	2,500,000	2,500,000
(100,000)	3,000,000	3,000,000	3,000,000
-	200,000	200,000	200,000

Shares held by key management personnel

2017	Balance at 1 July 2016	Exercise of compensation options	Acquired/ (disposed)	Balance at 30 June 2017
Name	Number	Number	Number	Number
Directors				
Anthony Scotton ⁽ⁱ⁾	-	-	5,100,000	5,100,000
Benjamin Churchill ⁽ⁱⁱ⁾	1,360,800	-	223,334	1,584,134
Robert Gordon Cumming	10,369,453	-	-	10,369,453
Russell William Bate ⁽ⁱⁱⁱ⁾	529,969	-	400,000	929,969
David Bruce Burlington	93,454	-	-	93,454

2016	Balance at 1 July 2015	Exercise of compensation options	Acquired/ (disposed)	Balance at 30 June 2016
Name	Number	Number	Number	Number
Directors				
Benjamin Churchill	1,301,550	-	59,250	1,360,800
Robert Gordon Cumming ^(iv)	5,769,453	8,000,000	(3,400,000)	10,369,453
Russell William Bate	500,969	-	29,000	529,969
David Bruce Burlington	93,454	-	-	93,454
Other key management personnel				
Adam Bate ^(v)	152,918	200,000	-	352,918
Julian Boot ^(vi)	172,718	100,000	(28,823)	243,895
David Bugden	201,002	-	105,638	306,640
Mark Hough	140,000	-	-	140,000
Michael Waymark	-	-	45,000	45,000

- (i) Anthony Scotton acquired shares with on market purchases on 14 October 2016 (100,000 shares), 28 February 2017 (2,500,000 shares), 2 March 2017 (799,896 shares) and 3 March 2017 (1,700,104 shares).
- (ii) Benjamin Churchill acquired 223,334 shares with an on-market purchase on 26 September 2016.
- (iii) Russell William Bate acquired 400,000 shares with an on-market purchase on 2 March 2017.
- (iv) Robert Gordon Cumming converted 8,000,000 share options on 29 December 2015 at an exercise price of \$0.20.
- (v) Adam Bate converted 200,000 share options on 29 September 2015 at an exercise price of \$0.20.
- (vi) Julian Boot converted 100,000 share options on 7 October 2015 at an exercise price of \$0.20.

Loans to key management personnel

There were no loans issued to or from key management personnel during financial year 2017 (2016: nil).

Other transactions with key management personnel

There were no other transactions with key management personnel during financial year 2017 (2016: nil) other than those already stated.

_____ End of the audited remuneration report _____

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'A Scotton', written in a cursive style.

Anthony Scotton
Chairman

Melbourne, 31 August 2017

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Urbanise.com Limited ('Urbanise' or 'the Company') is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement ("CGS") in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a Company's website.

Accordingly, a copy of the Company's CGS is available on the Urbanise website at www.urbanise.com under the Corporate Governance section.

AUDITOR'S INDEPENDENCE DECLARATION



URBANISE.COM LIMITED AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF URBANISE.COM LIMITED

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Urbanise.com Limited and the entities it controlled during the year.

P A JOSE
Partner

Date 31 August 2017

PITCHER PARTNERS
Melbourne

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue and other income			
Sales revenue	3	4,666,281	8,319,160
Other income	3	384,844	1,524,509
		5,051,125	9,843,669
Less: expenses			
Cost of sales		(2,936,738)	(2,460,975)
Depreciation and amortisation expenses	4	(2,033,759)	(1,767,240)
Employee benefits expense	4	(8,196,008)	(10,211,942)
Lease expense		(770,192)	(686,163)
Finance costs	4	(2)	(3,792)
Foreign Exchange (loss)/gain		(532,586)	(255,651)
Travel expenses		(555,051)	(1,201,956)
Professional fees		(1,206,997)	(1,001,535)
Advertising and Promotion Expenses		(73,469)	(375,923)
Subscription expenses		(1,208,598)	(873,788)
Warranty and earn-out shares		-	(1,663,292)
Impairment of trade receivables	4	(7,070,900)	-
Impairment of intangible assets	4	(12,200,298)	-
Other expenses		(1,422,339)	(1,141,553)
Profit/(loss) before tax		(33,155,812)	(11,800,141)
Income tax (expense)/benefit	5	(3,003,320)	2,509,548
Profit/(loss) for the year		(36,159,132)	(9,290,593)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(127,792)	(117,494)
Other comprehensive income for the year net of income tax		(127,792)	(117,494)
Total comprehensive income for the year		(36,286,924)	(9,408,087)
Profit/(loss) for the half-year attributable to:			
Owners of the parent		(36,286,924)	(9,408,087)
		(36,286,924)	(9,408,087)
Total comprehensive income attributable to:			
Owners of the parent		(36,286,924)	(9,408,087)
		(36,286,924)	(9,408,087)
Earnings/loss per share			
From continuing operations:			
Basic (cents per share)		(12.42)	(3.85)
Diluted (cents per share)		(12.42)	(3.85)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	30 Jun 2017 \$	30 Jun 2016 \$
Current assets			
Cash and cash equivalents	21	5,240,989	7,789,740
Trade and other receivables	6	2,695,831	8,030,415
Other assets	7	1,465,730	1,849,169
Current tax receivable	5	61,222	-
Inventory	8	1,038,547	593,563
Total current assets		10,502,319	18,262,887
Non-current assets			
Property, plant and equipment	9	466,963	590,733
Intangible assets	10	14,867,972	14,527,284
Goodwill	10	12,430,859	12,216,795
Deferred tax assets	5	-	2,803,267
Trade and other receivables	6	475,020	5,056,667
Total non-current assets		28,240,814	35,194,746
Total assets		38,743,133	53,457,633
Current liabilities			
Trade and other payables	11	1,634,432	1,460,898
Provisions	12	1,270,329	1,193,272
Current tax payable	13	1,013,594	1,263,338
Total current liabilities		3,918,355	3,917,508
Non-current liabilities			
Provisions	12	27,955	17,246
Total non-current liabilities		27,955	17,246
Total liabilities		3,946,310	3,934,754
Net assets		34,796,823	49,522,879
Equity			
Issued capital and contributed equity	16	87,173,208	65,668,289
Employee option reserve	17	1,941,721	1,906,837
Foreign currency translation reserve	17	(213,411)	(85,619)
Accumulated losses	18	(54,104,695)	(17,966,628)
Total equity		34,796,823	49,522,879

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued capital and contributed equity \$	Employee share option reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	54,682,201	1,446,919	31,875	(8,749,078)	47,411,917
Profit/(loss) for the period	-	-	-	(9,290,593)	(9,290,593)
Foreign currency reserve	-	-	(117,494)	-	(117,494)
Total comprehensive income for the period	-	-	(117,494)	(9,290,593)	(9,408,087)
Transactions with owners in their capacity as owners					
Options converted	1,820,000	-	-	-	1,820,000
Private Placement	6,500,000	-	-	-	6,500,000
Cost of share issue	(105,262)	-	-	-	(105,262)
Warranty and earn out shares	2,771,350	-	-	-	2,771,350
Recognition of share-based payments	-	459,918	-	-	459,918
Sale of subsidiary	-	-	-	73,043	73,043
Balance at 30 June 2016	65,668,289	1,906,837	(85,619)	(17,966,628)	49,522,879
Balance at 1 July 2016	65,668,289	1,906,837	(85,619)	(17,966,628)	49,522,879
Profit/(loss) for the period	-	-	-	(36,159,132)	(36,159,132)
Foreign currency reserve	-	-	(127,792)	-	(127,792)
Total comprehensive income for the period	-	-	(127,792)	(36,159,132)	(36,286,924)
Transactions with owners in their capacity as owners					
Recognition of share-based payments	-	34,884	-	-	34,884
Private placement	14,287,500	-	-	-	14,287,500
Cost of share issue	(60,391)	-	-	-	(60,391)
Rights issue	7,259,693	-	-	-	7,259,693
Tax effect of cost of share issue	18,117	-	-	-	18,117
Discontinuation of subsidiary	-	-	-	21,065	21,065
Balance at 30 June 2017	87,173,208	1,941,721	(213,411)	(54,104,695)	34,796,823

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		7,235,617	7,267,074
Payments to suppliers and employees		(16,144,547)	(18,379,182)
Interest received		23,035	203,543
Operating grants received		186,565	569,899
R&D tax refund		-	181,558
Tax paid		(61,222)	(181,558)
Interest paid		(2)	(3,792)
Net cash used in operating activities	21	(8,760,554)	(10,342,458)
Cash flows from investing activities			
Payments for property, plant & equipment		(223,390)	(361,454)
Payments for business acquisition		(12,316,674)	-
Payments for intangible assets		(2,732,055)	(1,679,224)
Net cash used in investing activities		(15,272,119)	(2,040,678)
Cash flows from financing activities			
Proceeds from issue of shares		21,547,193	8,320,000
Payments for share issue costs		(60,391)	(105,262)
Net cash provided by financing activities		21,486,802	8,214,738
Net increase/(decrease) in cash and cash equivalents		(2,545,871)	(4,168,398)
Cash and cash equivalents at the beginning of the period		7,789,740	12,243,193
Effect of sale of subsidiary		-	(1,089)
Effect of movement in exchange rates on cash balances		(2,880)	(283,966)
Cash and cash equivalents at the end of the period		5,240,989	7,789,740

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies

General information

Urbanise.com Limited is a listed public company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the corporate information section. The principal activities of the Company and its subsidiaries are the development and commercialisation of intellectual property associated software licensing, devices and consulting services.

Statement of compliance

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

The financial statements comprise the consolidated financial statements of the Group. The Company is a for-profit entity.

Compliance with IFRS

The consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 31 August 2017.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or a loss is recognised in profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Going concern

The financial statements have been prepared on the going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

For the financial year ended 30 June 2017, the Group produced a net loss after tax of \$36,159,132. The net loss after tax includes significant non-cash adjustments for impairment of intangible assets of \$12,200,298 and impairment of trade receivables of \$7,070,900. The Group has a net asset position of \$34,796,823 at reporting date in addition to cash reserves of \$5,240,989 with no external debt or borrowings. The Group has prepared a cash flow forecast based on its current level of expenditure which indicates that the Group will require an improved cash flow position within the next 12 months to meet its forecast net outgoings. In order to improve the entities cash flow position over this period the Group will need to generate additional net cash flow by increasing revenue, reducing expenditure or raising funds through other sources including debt or equity capital.

To address the potential future additional funding requirements of the Group, since 30 June 2017, the directors have undertaken the following initiatives:

- Sought and received positive confirmation of the Group's ability to raise additional equity funding from a major shareholder, and an underwriter;
- Identified cost savings and commenced implementation of expense reduction programs that will reduce cash outflow;
- New leadership team in place with focus on sales strategy to target short term and recurring revenue opportunities;
- Monitor the cashflow impact of the cost reduction program and new sales; and
- Identified cash inflow from new non-forecast sales.

Successfully executing the above strategies to improve cash flow are material to the Group's ability to continue

as a going concern. The directors are confident that they will be able to improve the Group's cash flow by executing a combination of the above mentioned strategies to ensure that the Group will have sufficient funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unable to improve its cash flows with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(b) Cash and cash equivalents

Cash comprises cash on hand, cash at call, short-term deposits and cash in secured fixed term deposits held as security for the provision of bank guarantees. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(c) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at the amounts based on remuneration

rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled wholly within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

The Group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

Share-based payments

The Group operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

Bonus plan

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The Group recognises a provision for termination benefits when the entity can no longer withdraw the offer of those

benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(d) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(e) Financial Instruments

Classification

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Investments are recognised and derecognised on trade date where the purchase order or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables,

cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit or loss of the current period. Fair value of listed investments is based on closing bid prices at the reporting date.

Loans and deferred trade receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

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

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows

(excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

For available-for-sale financial assets carried at cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale financial assets carried at fair value through other comprehensive income, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. The impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses was recognised in profit or loss.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments. Borrowings are classified as financial liabilities measured at amortised cost.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(f) Foreign currency

Functional and presentation currency

The financial statements of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. All resulting exchange differences arising on settlement or restatement are recognised in profit and loss for the year.

Foreign subsidiaries

Entities that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(g) Intangible assets

The intangible assets are recognised at cost or fair value at the date of acquisition. The balances are reviewed annually and any balances representing probable future benefits that are no longer anticipated are written off.

Intellectual Property

Intangible assets relate to the Company's Intellectual Property initially recorded at cost, is amortised on a straight-line basis over the period of expected benefits (10 years).

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when each of the following specific criteria has been satisfied:

- Technical feasibility of completing development of the software for sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- Availability of adequate technical, financial and other resources to complete development of the software;

- Reliable measurement of expenditure attributable to the product during its development; and
- High probability of the software being used by current or new customers.

Capitalised development costs have a finite life and are amortised on a systematic basis over the period beginning in the year following capitalisation and cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Costs capitalised include direct payroll and payroll related costs of employees' time spent on the software development projects.

The estimated useful life and total economic benefit for each asset are reviewed at least annually. During the year the expected pattern of consumption of future economic benefits has been assessed and the carrying amount of the asset will be amortised based on a straight-line basis over the remaining useful life of 10 years. Amortisation expense is included in 'depreciation and amortisation expenses' in the Statement of Comprehensive Income.

Goodwill

Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value (or proportionate share of net assets value) of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Trademarks and licences

Trademark legal and licences are recognised at cost and are amortised over their estimated useful lives using the straight-line method, which range from 5 to 10 years. Trademarks and licences are carried at cost less accumulated amortisation and any impairment losses. Trademark names are considered to have an indefinite life and are carried at cost and therefore subject to an annual impairment test.

Customer relationships

Customer relationships are amortised over ten years using a method that reflects the pattern in which the economic benefit of the asset will be consumed. The Group amortise customer relationships on a straight-line basis over the useful economic life.

(h) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes

indicate that they might be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its value in use less costs to sell and value in use.

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the assets may be impaired.

(i) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

Urbanise.com Limited and its 100% owned Australian resident subsidiary Urbanise.com (Mena) Pty Ltd have implemented the tax consolidation legislation effective of 1 July 2014. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer in its own right.

Mystrata Holdings Pty Limited and its 100% owned Australian resident subsidiary Mystrata Pty Limited have joined the Urbanise tax consolidated group effective 1 June 2015. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer in its own right.

(j) Inventories

Inventories of consumable supplies are valued at lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(k) Leasehold improvements, devices and other plant & equipment

Leasehold improvements and property, plant and equipment

Leasehold improvements and property, plant and equipment are stated in the consolidated statement of financial position at their cost less any subsequent accumulated amortisation or depreciation and subsequent accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Amortisation

Amortisation of leasehold improvements is calculated over the shorter of their useful life or the remaining term of the lease. The remaining term of the lease for amortisation purposes can be extended into additional lease renewal periods if the renewal is reasonably assured.

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

Class of fixed assets	Useful life	Depreciation method
Hardware devices	3 - 10 years	Straight line
Other plant and equipment	1 - 10 years	Straight line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Revenue

In line with AASB 118 Revenue, revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the rendering of services is determined with reference to the stage of completion of the transaction at reporting date and where outcomes of the contract can be measured reliably. Under Regional Operating Licence (ROL) fees, Urbanise grants the customer the additional right to resell use and access to the Platform to other third-party services providers within certain territories under exclusivity terms. ROL and platform activation appointment fees are recognised when the customer gains access to the Urbanise Platform. With respect to reseller agreements, revenue is recognised when an agreement is entered into.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates

unless there are specific performance conditions which must be met before the loan will convert into a grant, in which case the unconverted portion of the loan will be treated as a loan.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except:

- (i) Where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Authority is classified as operating cash flows.

(o) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates,

if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where

another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(r) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquire. Deferred consideration payable is measured at fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the gain is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(t) Rounding of amounts

The parent entity and the Group have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly, amounts in the consolidated financial statements have been rounded off to the nearest dollar.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

The key critical accounting estimates and judgments are:

Fair value of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 23 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The determination of fair value and value in use requires management to make estimates and assumptions about items such as expected production and sales volumes, prices, gross margin levels, capacity, operating costs and discount rates. These estimates are subject to uncertainty and changes to these factors would impact the recoverable amount of the asset.

Useful lives of tangible assets

The Group reviews the useful lives, depreciation method and estimated residual value of all tangible assets at the end of each reporting period.

Recoverability of intangible assets

During the year, the directors considered the recoverability of the Group's intangible assets arising from the development of an industry specific cloud-based software platform, designed and developed for the Strata, Facilities Management and Insurance industries.

As the company continued to be in a loss-making position in financial year ended 30 June 2017, there were indications of impairment. Management prepared discounted cash flow impairment assessments based on the FY2018 budgets and forecasts for 4 years beyond that. As a result of this analysis, the directors deemed it appropriate to impair intangible assets to the value of \$9,596,298. For Urbanise CGU, the present value of future cash flows were calculated using a revenue growth rate ranging from 236% for year one, 27% in year two to 11% in year five. A terminal growth rate of 3% and a pre-tax discount rate of 19% were used to determine value in use. This is largely driven by recent contract wins which are building on a relatively small revenue base.

Impairment of goodwill

Goodwill is allocated to CGUs according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

For the Mystrata CGU, the present value of future cash flows were calculated using a revenue growth rate of 94% for year one, 48% in year two, 23% in year three, 6% in year four, 9% in year five, a terminal growth rate of 3% and a pre-tax discount rate of 19% to determine value in use. This is largely driven by recent contract wins with revenue maturing in the first two years.

Business combinations

On 8 February 2017, Urbanise acquired the business assets and International Intellectual Property of the Wattkeeper and Intelligen Technology from Infotech (Pty) Ltd, Infotech RED (Pty) Ltd and Enermatics Energy (Pty) Ltd for a consideration of \$12 million.

Customer contracts were valued using a royalty relief methodology on a notional royalty payable with a range from 11.5% to 12% and a discounted range of 11.3% to 13.3%, on the basis of expected contribution to future Urbanise earnings. The value was deemed insignificant and warranted no separate disclosure. The intellectual property is valued using a relief from royalty methodology

on a notional royalty payable with a range from 11.5% to 12%. A discount rate in the range of 13.3 to 14.3% captured the risk factor for both Wattkeeper and Intelligen based on the forecasted revenue. Equal probabilities were assumed between two separate scenarios being a worst and best case.

Urbanise performed an indicative weighted average return on assets (WARA) cross-check. This ensured that the discount rate applied to all assets reconciles to an overall implied post-tax discount rate of approximately 26%. As a result, it was determined that there was \$3,000,000 of goodwill associated with the acquisition of this technology.

An assessment of the value of business names found no material value to them. The product itself is branded as Urbanise, therefore any business names associated with the former business are of a nil value.

Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Discount of non-current debtors

Trade receivables for a number of Urbanise customers are long-term receivables on payment schedules between 3 to 5 years. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. Interest is accrued and amortised over the period of the contract.

Provision for impairment of trade receivables

Trade receivables are assessed on an individual based on historical patterns and communication with customers. Where uncertainty lies in relation to cash receipts, management have assessed that debts over 90 days resulting in an impairment of trade receivables is reasonable and prudent. The company also reassessed whether there were recoverability issues with specific trade debtors. An impairment was booked to reflect doubtful debts at 30 June 2017 as a result. Refer to note 6.

Share-based payments

The calculation of the fair value of options issued requires significant estimates to be made with regards to several variables such as volatility, dividend policy and the probability of options reaching their vesting period. The Group measures the cost of equity settled share-based payments at fair value at the grant date using an

appropriate valuation model taking into account the terms and conditions upon which the instruments were granted and expected vesting period. The estimations made are subject to variability that may alter the overall fair value determined.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- Future increases in wages and salaries;
- Future on cost rates; and
- Experience of employee departures and period of service.

Management judgement is applied in determining the following key assumptions used in the calculation of annual leave at balance date:

- Future increases in wages and salaries;
- Future on cost rates;
- Experience of employee departures; and
- Experience of employee annual leave taken in relevant period.

New and revised accounting standards effective at 30 June 2017

The Group has adopted the following new and revised accounting standards for the first time for their annual reporting period ending 30 June 2017:

AASB 2015-2: Amendments to Australian Accounting Standards

Disclosure Initiative: Amendments to AASB 101 (applicable for annual reporting periods commencing on or after 1 January 2016).

This amending standard makes a number of narrow-focus amendments that address concerns regarding the application of some of the presentation and disclosure requirements in *AASB 101: Presentation of Financial Statements*. These amendments include clarification that:

- an entity discloses its significant accounting policies (not a summary of those policies);
- specific line items in the statement of profit or loss and other comprehensive income and statement of financial position can be disaggregated;
- materiality applies in respect of items specifically required to be presented or disclosed, even when AASB 101 contains a list of specific requirements or describes them as minimum requirements;
- entities have flexibility in relation to the order in which they present their notes; and
- the requirements that apply when additional subtotals are presented in the statement of profit or loss and other comprehensive income and statement of financial position.

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

This Amending Standard amends AASB 116: Property, Plant and Equipment and AASB 138: Intangible Assets to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; and clarify the limited circumstances in which revenue-based methods may be used for measuring the consumption of the economic benefits embodied in an intangible asset. It is applicable for annual reporting periods commencing on or after 1 January 2016. This standard has not significantly impacted the Group's financial statements.

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

- AASB 119: Employee Benefits to clarify that the discount rates used to measure defined benefit obligations should be determined based on the currency in which the obligations are denominated, rather than the country where the obligation is located; and
- AASB 134: Interim Financial Reporting to clarify that certain disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

AASB 1057: Application of Australian Accounting Standards and AASB 2015-9: Amendments to Australian Accounting Standards

Scope and Application Paragraphs (applicable for annual reporting periods commencing on or after 1 January 2016). These Standards make amendments to Australian Accounting Standards and Interpretations to relocate the application paragraphs within the individual Standards and Interpretations to AASB 1057, the primary purpose of which is to facilitate the publication of Australian versions of International Financial Reporting Standards (IFRS). These Standards do not alter the accounting requirements in Australian Accounting Standards and Interpretations.

Accounting Standards issued but not yet effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 15: Revenue from contracts with customers

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

The standard introduces a five-step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five-step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

The effective date is annual reporting periods beginning on or after 1 January 2018. The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 16: Leases

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

These amendments are applicable for annual reporting periods commencing on or after 1 January 2019. Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, however it is not expected to have a significant impact on the financial statements.

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

This Amending Standard amends AASB 112: Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. (Applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Amending Standard amends AASB 107: Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this objective, entities will be required to disclose the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchange rates;
- changes in fair values; and
- other changes.

These amendments are applicable for annual reporting periods commencing on or after 1 January 2017. They are not expected to significantly impact the Group's financial statements.

AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment

Transactions (applicable for annual reporting periods commencing on or after 1 January 2018). This Amending Standard amends AASB 2: Share-based Payment to address:

- the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This Standard is not expected to significantly impact the Group's financial statements.

AASB Interpretation 22: Foreign Currency Transactions and Advance Consideration

Interpretation 22 clarifies that, in applying AASB 121: The Effects of Changes in Foreign Exchange Rates, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. Accordingly, if there are multiple payments or receipts in advance, the entity is required to determine a date of the transaction for each payment or receipt of advance consideration. (Applicable for annual reporting periods commencing on or after 1 January 2018).

This Interpretation is not expected to significantly impact the Group's financial statements.

AASB Interpretation 23: Uncertainty over Income Tax Treatments - (applicable for annual reporting periods commencing on or after 1 January 2019)

Interpretation 23 clarifies how an entity should apply the recognition and measurement requirements in AASB 112: Income Taxes when there is uncertainty over income tax treatments. To this end, Interpretation 23 requires:

- an entity to consider whether each uncertain tax treatment should be considered separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty;

- in assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, assume that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations;
- if the entity concludes that it is probable that the taxation authority will accept the uncertain tax treatment, the entity will determine current tax and deferred tax consistently with the treatment used or planned to be used in its income tax filings;
- if the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in the determination of current tax and deferred tax, based on either the 'most likely' amount or the 'probability-weighted' amount of tax (depending on which method the entity expects to better predict the resolution of the uncertainty); and
- an entity to reassess a judgement or estimate required under Interpretation 23 if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.

This interpretation is not expected to significantly impact the Group's financial statements.

2. Segment information

AASB 8 '*Operating Segments*' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. The Group's reportable segments under AASB 8 focus on two key reportable segments:

- (i) Urbanise – Platform licensing and professional services
- (ii) Mystrata – Building financial management platform and smart utilities

The accounting policies of the reportable segments are the same as the Group's accounting policies.

2.1 Revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segments for the periods under review:

	Segment revenue		Segment result	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$	\$	\$	\$
Continuing operations				
Urbanise	1,304,646	5,516,469	(12,397,352)	(3,607,098)
Mystrata	3,361,635	2,802,691	(1,773,568)	(498,539)
Total of all segments	4,666,281	8,319,160	(14,170,920)	(4,105,637)
Corporate expenses			(14,751,193)	(5,107,810)
Warranty and earn-out shares			-	(1,663,292)
Depreciation and amortisation			(2,033,759)	(1,767,240)
Interest revenue			404,062	847,630
Income tax (expense)/benefit			(3,003,320)	2,509,548
Goodwill impairment			(2,604,000)	-
Finance costs			(2)	(3,792)
Profit/(loss) after tax			(36,159,132)	(9,290,593)

Urbanise and Mystrata have separately identifiable business operations, profitability and products. Management have deemed the segment disclosure as the appropriate reporting basis for facilitating the decision-making process.

The assets and liabilities of the Group collaboratively support the various segment revenues generated by the Group. The revenue reported above represents the revenue generated from external customers. Segment result represents the profit or loss incurred by each segment without the allocation of corporate costs, interest revenue, finance costs, income tax expense, R&D grants/claims, amortisation and depreciation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. It should be noted that the losses for Urbanise and Mystrata include impairment of trade receivables and intangible assets of \$16,184,768 and \$482,430 respectively. Mystrata goodwill has also been impaired separately as disclosed above by \$2,604,000. Refer to notes 6 and 10 for detailed analysis.

The total amount of external revenue derived from major customers where the revenue is greater than 10% is nil (2016: \$4,094,282). Revenue from these customers is included in the segment note above and relates to Urbanise customers only. Mystrata Middle East FZ LLC contributed \$1,429,537 in revenue to the Urbanise Group.

2.2 Segment assets and liabilities

	Segment assets		Segment liabilities	
	30 Jun 2017 \$	30 Jun 2016 \$	30 Jun 2017 \$	30 Jun 2016 \$
Continuing operations				
Urbanise	10,717,028	34,197,932	2,279,319	2,632,585
Mystrata	28,026,105	19,259,701	1,666,991	1,302,169
Segment total	38,743,133	53,457,633	3,946,310	3,934,754

2.3 Other segment information

	Depreciation & amortisation		Additions to non-current assets	
	30 Jun 2017 \$	30 Jun 2016 \$	30 Jun 2017 \$	30 Jun 2016 \$
Urbanise	1,299,385	1,192,308	2,018,339	1,822,484
Mystrata	734,374	574,932	12,937,106	218,194
Consolidated total	2,033,759	1,767,240	14,955,445	2,040,678

3. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations.

	Half-year ended	
	2017 \$	2016 \$
Sales revenue		
Platform license income and activation fees	3,820,699	8,074,164
Professional services	845,582	244,996
	4,666,281	8,319,160
Other income		
Interest received	404,062	847,630
Export market development grant	-	103,860
Research and development refund	(21,439)	572,369
Other	2,221	650
Total other income	384,844	1,524,509

4. Profit from continuing operations

	2017 \$	2016 \$
Depreciation of non-current assets		
Other plant and equipment	142,959	107,267
Devices	46,705	39,101
Total depreciation of non-current assets	189,664	146,368
Amortisation of non-current assets		
Intellectual property	1,301,538	1,204,243
Research and development	489,361	364,648
Leasehold improvements	53,196	51,981
Total amortisation of non-current assets	1,844,095	1,620,872
Total depreciation and amortisation of non-current assets	2,033,759	1,767,240
Employee benefits expense		
Share-based payments	34,884	459,918
Contractors	296,306	1,140,153
Other employee benefits	7,864,818	8,611,871
Total employee benefits expense	8,196,008	10,211,942
Finance costs		
Interest expense	2	3,792
Total finance costs	2	3,792
Significant or unusual items		
Impairment of intangible assets ⁽ⁱ⁾	12,200,298	-
Impairment of trade receivables ⁽ⁱⁱ⁾	7,070,900	-
Impairment of inventory ⁽ⁱⁱⁱ⁾	379,628	50,954
Warranty and earn-out shares	-	1,663,292
Total significant	19,650,826	1,714,246

(i) following an assessment of the carrying value of intangible assets, an impairment was provided for. Refer to note 10 for details.

(ii) following an assessment of the carrying value of trade receivables, an impairment was provided for. Refer to note 6 for details.

(iii) following an assessment of the carrying value of inventory, an impairment was provided for. Refer to note 8 for details.

5. Income taxes

	2017 \$	2016 \$
(a) Components of tax expense		
Current tax	-	-
Deferred tax	(3,960,935)	(2,579,318)
Reversal of DTA on carried forward losses	2,615,603	-
Derecognition of temporary differences	4,075,184	-
Under/(over) provision in prior years	273,468	69,770
Total tax benefit / (expense)	3,003,320	(2,509,548)
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Accounting profit/(loss) before income tax	(33,155,812)	(11,800,141)
Income tax expense/(benefit) calculated at 30% (2016: 30%)	(9,946,744)	(3,540,043)
Add tax effect of:		
Foreign entity tax losses not brought to account	512,629	348,690
Non-deductible items	1,116,532	189,500
Non-deductible Mystrata acquisition costs	-	498,988
Accounting loss on sale of subsidiary	9,157	10
R&D eligible expenditure	6,432	120,612
Other non-deductible expenditure	26,106	-
Under/(over) provision in prior years	273,468	69,770
Non-recognition of deferred tax assets on current year losses	4,314,953	-
Derecognition of temporary differences	4,075,184	-
Reversal of deferred tax assets on carried forward losses	2,615,603	-
Correction to opening DTA/DTL from timing differences	-	(25,365)
	12,950,064	1,202,205
Less tax effect of:		
Non-assessable estimated R&D refund	-	(171,710)
	-	(171,710)
Income tax (benefit)/expense attributable to profit	3,003,320	(2,509,548)
(c) Current tax		
Current tax relates to the following:		
Opening balance	-	111,788
Under/(over) provision in prior years	-	69,770
Tax payments	(61,222)	(181,558)
Current tax receivable	(61,222)	-
(d) Recognised deferred assets and tax liabilities		
The following deferred tax balances have been recognised:		
Deferred tax assets		
Provisions	-	279,975
Accrued expenses	-	172,755
Unrealised foreign exchange gain	-	(89,037)
Intellectual Property	-	478,183
Other	-	38,574
Section 40-880	-	299,642
Tax losses	-	2,615,603

5. Income taxes (continued)

	2017 \$	2016 \$
Deferred tax liabilities		
Capitalised Research and development	-	(585,809)
Mystrata IP	-	(376,620)
Other	-	(29,999)
Net deferred tax assets/(liabilities)	-	2,803,267
(e) Deferred income tax (revenue) /expense included in income tax expense comprises		
Decrease/(increase) in deferred tax assets	3,795,695	(2,516,277)
(Decrease)/increase in deferred tax liabilities	(992,428)	(63,041)
	2,803,267	(2,579,318)
(f) Deferred income tax related to items charged or credited directly to equity		
Decrease/(increase) in deferred tax assets	(18,117)	-
	(18,117)	-
(g) Deferred tax asset acquired through business combination		
Decrease/(increase) in deferred tax assets	(181,936)	480,328
(h) Deferred tax assets not brought to account		
Foreign entity tax losses - difference in overseas tax rate	359,423	90,394
Operating tax losses	6,930,556	-
Temporary differences	4,075,184	-
	11,365,163	90,394

Management assessed deferred tax assets and liabilities for the reporting period 30 June 2017 and their recoverability based on the forecasted taxable profit over five years. Management deemed it appropriate to de-recognise deferred tax assets and liabilities due to uncertainty on whether those assets and liabilities would be utilised against future profits generated in Australia. Tax losses carried forward from 30 June 2016 along with tax losses incurred for the period ended 30 June 2017 have been de-recognised. Temporary differences for assets and liabilities have also been de-recognised. Management will assess this position at each reporting period.

Tax consolidation

Urbanise.com Limited and its 100% owned Australian resident subsidiaries Urbanise.com (MENA) Pty Limited, Mystrata Holdings Pty Limited and Mystrata Pty Limited have implemented the tax consolidation legislation. The accounting policy for the implementation of the tax consolidation legislation is set out in Note 1. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

6. Trade and other receivables

	2017 \$	2016 \$
Current		
Trade receivables	5,490,569	7,324,187
Provision for impairment	(3,362,173)	(91,632)
Other receivables	567,435	797,860
Total current trade and other receivables	2,695,831	8,030,415
Non-current		
Trade receivables non-current	2,678,232	5,056,667
Provision for impairment	(2,203,212)	-
Total non-current trade and other receivables	475,020	5,056,667
Age of receivables that are past due but not impaired		
31-60 days	109,370	118,908
61-90 days	111,222	408,510
90+ days	2,257	923,486
Total age of receivables that are past due but not impaired	222,849	1,450,904

Provision for impairment

Trade receivables for a number of Urbanise customers are long-term receivables on payment schedules between 3 to 5 years. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. Interest is accrued and amortised over the period of the contract. All other trade receivables are non-interest bearing and are generally 30-day terms. An impairment loss is recognised when there is objective evidence such as non-payment of outstanding debts or contractual disputes that an individual trade receivable is impaired. The impairment losses on trade receivables of \$5,473,753 have been disclosed separately in expenses within profit or loss. All trade receivables that are not impaired are expected to be received within trading terms.

Movements in the provision for impairment were:

	2017 \$	2016 \$
Current		
Opening balance at 1 July	91,632	-
Amounts written off	(78,521)	-
Charge for the year	3,349,062	91,632
Closing balance at 30 June	3,362,173	91,632
Non-Current		
Opening balance at 1 July	-	-
Charge for the year	2,203,212	-
Closing balance at 30 June	2,203,212	-

	Gross 2017 \$	Impairment 2017 \$	Gross 2016 \$	Impairment 2016 \$
Trade and other receivables ageing analysis				
Not past due	7,439,361	4,486,710	11,727,810	-
31-60 days	143,428	34,058	118,908	-
61-90 days	230,811	119,589	408,510	-
90+ days	922,636	925,028	923,486	91,632
Closing balance at 30 June	8,736,236	5,565,385	13,178,714	91,632

The Group does not hold any collateral in relation to any trade or other receivable.

7. Other assets

	2017 \$	2016 \$
Prepayments	1,054,059	1,560,554
Other	359,671	236,615
Loans to related parties	52,000	52,000
Total other current assets	1,465,730	1,849,169

The Group has a loan receivable from an associate of \$52,000 in relation to funds for shares issued.

8. Inventories

	2017 \$	2016 \$
Consumables	-	5,883
Finished goods – at cost	1,449,527	637,680
Provision for inventory impairment	(410,980)	(50,000)
Total inventories	1,038,547	593,563
Write downs of inventories to net realisable value recognised as an expense during the year	379,628	50,954

9. Property, plant and equipment

	Hardware Devices	Other plant and equipment at cost	Leasehold improvements at cost	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 1 July 2015	787,360	355,047	199,209	1,341,616
Additions	106,987	212,017	42,450	361,454
Transferred to finished goods	(606,251)	-	-	(606,251)
Disposals	(109,967)	(126,547)	-	(236,514)
Effect of foreign currency exchange differences	-	402	-	402
Balance at 30 June 2016	178,129	440,919	241,659	860,707
Accumulated depreciation and impairment				
Balance at 1 July 2015	(22,674)	(166,615)	(5,528)	(194,817)
Depreciation expense	(39,101)	(107,267)	-	(146,368)
Amortisation expense	-	-	(51,981)	(51,981)
Depreciation on devices transferred to finished goods	3,451	-	-	3,451
Depreciation on disposal	10,054	109,049	-	119,103
Effect of foreign currency exchange differences	-	638	-	638
Balance at 30 June 2016	(48,270)	(164,195)	(57,509)	(269,974)
Net book value				
As at 30 June 2015	764,686	188,432	193,681	1,146,799
Balance at 30 June 2016	129,859	276,724	184,150	590,733
Gross carrying amount				
Balance at 1 July 2016	178,129	440,919	241,659	860,707
Additions	18,657	185,471	19,262	223,390
Transferred to finished goods	(6,534)	-	-	(6,534)
Disposals	(190,252)	(304,570)	(26,498)	(521,320)
Effect of foreign currency exchange differences	-	(8,320)	-	(8,320)
Balance at 30 June 2017	-	313,500	234,423	547,923
Accumulated depreciation and impairment				
Balance at 1 July 2016	(48,270)	(164,195)	(57,509)	(269,974)
Depreciation expense	(46,705)	(142,959)	-	(189,664)
Amortisation expense	-	-	(53,196)	(53,196)
Depreciation on devices transferred to finished goods	1,059	-	-	1,059
Depreciation on disposal	93,916	307,854	26,498	428,268
Effect of foreign currency exchange differences	-	2,547	-	2,547
Balance at 30 June 2017	-	3,247	(84,207)	(80,960)
Net book value				
Balance at 30 June 2016	129,859	276,724	184,150	590,733
Balance at 30 June 2017	-	316,746	150,216	466,963

Management have disposed of \$95,277 of hardware devices which have been generating revenue on a leased revenue model where the stock was required to be returned to Urbanise. Given the extensive usage and length of time those devices have been with the customers, it is unlikely they will be returned in a suitable condition to be sold again.

10. Intangible assets

	Intellectual property at cost \$	Development at cost \$	Trademarks \$	Goodwill \$	Customer relationships \$	Total \$
Gross carrying amount						
Balance at 1 July 2015	11,774,072	3,644,672	790,000	11,736,467	220,000	28,165,211
Additions	33,370	1,592,986	52,868	-	-	1,679,224
Business acquisition adjustment	-	-	-	480,328	-	480,328
Effect of foreign currency exchange differences	-	1,156	-	-	-	1,156
Balance at 30 June 2016	11,807,442	5,238,814	842,868	12,216,795	220,000	30,325,919
Accumulated amortisation and impairment						
Balance at 1 July 2015	(1,183,460)	(829,554)	-	-	-	(2,013,014)
Amortisation expense	(1,180,381)	(364,648)	(29)	-	(23,833)	(1,568,891)
Effect of foreign currency exchange differences	-	65	-	-	-	65
Balance at 30 June 2016	(2,363,841)	(1,194,137)	(29)	-	(23,833)	(3,581,840)
Net book value						
As at 30 June 2015	10,590,612	2,815,118	790,000	11,736,467	220,000	26,152,197
Balance at 30 June 2016	9,443,601	4,044,677	842,839	12,216,795	196,167	26,744,079
Gross carrying amount						
Balance at 1 July 2016	11,807,442	5,238,814	842,868	12,216,795	220,000	30,325,919
Additions	134,644	2,529,428	10,939	-	-	2,675,011
Additions through business combination	8,995,044	-	-	3,000,000	-	11,995,044
Effect of foreign currency exchange differences	62,000	-	-	-	-	62,000
Balance at 30 June 2017	20,999,130	7,768,242	853,807	15,216,795	220,000	45,057,974
Accumulated amortisation and impairment						
Balance at 1 July 2016	(2,363,841)	(1,194,137)	(29)	-	(23,833)	(3,581,840)
Amortisation expense	(1,279,486)	(489,361)	(52)	-	(22,000)	(1,790,899)
Business acquisition adjustment	-	-	-	(181,936)	-	(181,936)
Impairment loss recognised in P&L	(4,466,551)	(5,088,765)	(40,982)	(2,604,000)	-	(12,200,298)
Effect of foreign currency exchange differences	(4,170)	-	-	-	-	(4,170)
Balance at 30 June 2017	(8,114,048)	(6,772,263)	(41,063)	(2,785,936)	(45,833)	(17,759,143)
Net book value						
As at 30 June 2016	9,443,601	4,044,677	842,839	12,216,795	196,167	26,744,079
Balance at 30 June 2017	12,885,082	995,979	812,744	12,430,859	174,167	27,298,831

Intangible assets continued

Under AASB136 Impairment of Assets, the Group undertook impairment testing of the relevant cash generating units (CGU's) as required. Impairment testing was performed at 30 June 2017 to support the carrying value of intangible assets. Goodwill is allocated to CGUs according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

For the Mystrata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 94% for year one, 48% in year two, 23% in year three, 6% in year four, 9% in year five, a terminal growth rate of 3% and a pre-tax discount rate of 19% to determine value in use. This is largely driven by recent contract wins with revenue maturing in the first two years and the full integration of the Wattkeeper and Intelligen business. Following the acquisition of the Wattkeeper and Intelligen intellectual property, the value of the assets in the Mystrata CGU increased by approximately \$12,000,000, of which \$3,000,000 is associated with goodwill, refer to note 10. Management have assessed that there is an impairment to goodwill to the entire CGU of \$2,604,000 based on the value in use calculations.

For Urbanise CGU, the present value of future cash flows were calculated using a revenue growth rate range of 236% for year one, 27% in year two, to 11% in year five. A terminal growth rate of 3% and a discount rate of 19% were used to determine value in use. This is largely driven by recent contract wins which are building on a relatively small revenue base. Delays in projects associated with Strata customers had resulted in a lack of growth in the revenue on Urbanise product in financial year 30 June 2017. Management have assessed that there is an impairment in the assets of Urbanise CGU of \$9,596,298 based on the value in use calculations.

The carrying value of goodwill relates to Mystrata only. Trademarks of \$790,000 are attributable to Mystrata.

11. Trade and other payables

	2017 \$	2016 \$
Trade payables	542,449	721,741
Accrued expenses	832,021	632,971
Other payables	259,962	106,186
Total trade and other payables	1,634,432	1,460,898

12. Provisions

	2017 \$	2016 \$
Current		
Employee leave ⁽ⁱ⁾	813,013	820,385
Gratuity provision ⁽ⁱⁱ⁾	397,415	368,675
Other provisions ⁽ⁱⁱⁱ⁾	59,901	4,212
Total current provisions	1,270,329	1,193,272
Non-current		
Employee leave	27,955	17,246
Total non-current provisions	27,955	17,246

(i) The provision for employee leave represents annual leave and long service leave entitlements accrued.

(ii) Gratuity provision relates to Middle-East employees' end of service employment entitlements which are required under United Arab Emirates Labour Laws.

(iii) Other provisions relate to costs associated with the restructuring of the business communicated prior to 30 June 2017.

13. Other liabilities

	2017 \$	2016 \$
Deferred revenue ⁽ⁱ⁾	1,013,594	1,263,338
Total other liabilities	1,013,594	1,263,338

(i) Deferred revenue relates to invoices raised during financial year for which the service has yet to be provided. Revenue will be released to the income statements over the period of the contract.

14. Discontinued operations

Effective 7 February 2017, Urbanise relinquished ownership of Urbanise.com (UK) Ltd by dissolving the company. Due to a strategic focus in existing markets, Management deemed it unnecessary to have an establishment in the United Kingdom. For the year ended 30 June 2017, there was no profit or loss on ordinary shares attributable to the discontinued operation. Net liabilities of \$21,065 and a loss on sale of subsidiary of \$30,331 were attributable to discontinued operations. There were also no cash flow activities for the entity during the year ended 30 June 2017.

15. Business combinations

On 8 February 2017, Urbanise acquired the business assets and International Intellectual Property of the Wattkeeper and Intelligent Technology from Infotech (Pty) Ltd, Infotech RED (Pty) Ltd and Enernatics Energy (Pty) Ltd for a consideration of \$12 million. The technology was purchased as a complimentary product offering to the strata market for smart utilities solutions.

Business combinations

	\$
Cash consideration	12,316,674
Total consideration	12,316,674

Assets and liabilities acquired

	Recognised on acquisition at fair value \$
Inventory	28,262
Employee provisions	(23,306)
Net identifiable tangible assets acquired	4,956
Intellectual property	8,995,044
Goodwill	3,000,000
Total Intangible assets acquired	11,995,044
Net assets acquired	12,000,000
Effect of foreign currency exchange differences	316,674

Urbanise engaged an independent valuator to assess the carrying value of the acquired technologies. Customer contracts were valued using a royalty relief methodology on a notional royalty payable with a range from 11.5% to 12% and a discounted range of 11.3% to 13.3%, on the basis of expected contribution to future Urbanise earnings. The value was deemed insignificant and warranted no separate disclosure. The intellectual property is valued using a relief from royalty methodology on a notional royalty payable with a range from 11.5% to 12%. A discount rate in the range of 13.3 to 14.3% captured the risk factor for both Wattkeeper and Intelligen based on the forecasted revenue. Equal probabilities were assumed between two separate scenarios being a worst and best case.

Urbanise performed an indicative weighted average return on assets (WARA) cross-check. This ensured that the discount rate applied to all assets reconciles to an overall implied post-tax discount rate of approximately 26%. As a result, it was determined that there was \$3,000,000 of goodwill associated with the acquisition of this technology.

An assessment of the value of business names found no material value to them. The product itself is branded as Urbanise, therefore any business names associated with the former business are of a nil value.

There are no contingent consideration arrangements, contingent liabilities or initial incomplete accounting for this acquisition.

16. Issued capital and contributed equity

Issued and paid up capital

	2017 \$	2016 \$
353,887,699 (30 June 2016: 258,122,399) Fully paid ordinary shares	87,173,208	65,668,289

Ordinary shares

	No	2017 \$	No	2016 \$
Opening balance	258,122,399	65,668,289	232,527,399	54,682,201
Conversion of share options	-	-	9,150,000	1,820,000
Warranty and earn-out shares	-	-	6,445,000	2,758,890
Private placement ⁽ⁱ⁾	63,500,000	14,287,500	10,000,000	6,407,198
Rights issue ⁽ⁱⁱ⁾	32,265,300	7,259,693	-	-
Share issue costs ⁽ⁱⁱⁱ⁾	-	(60,391)	-	-
Tax effect of cost of share issue	-	18,117	-	-
Closing balance	353,887,699	87,173,208	258,122,399	65,668,289

- (i) On 8 February 2017, Urbanise completed a share placement to support a technology acquisition and fund business growth. Argosy Capital Limited subscribed for 63,500,000 shares at 22.5 cents per share to raise \$14,287,500.
- (ii) Urbanise completed a fully underwritten rights issue of 1:8 at an issue price of 22.5 cents per share. The rights issue closed on 6 February 2017 with 26,888 shares issued to existing shareholders and 797,719 to the underwriter, Argosy Capital Limited. The balance of 31,440,693 shares were issued to the underwriter, Argosy Capital Limited following shareholder approval at an Extraordinary General Meeting on 30 March 2017.

Options

	No	2017 \$	No	2016 \$
Opening balance	34,716,405	1,906,837	43,776,405	1,446,919
Share based payments	-	34,884	-	459,918
Options granted over ordinary shares ⁽ⁱ⁾	500,000	-	490,000	-
Options expired ⁽ⁱⁱ⁾	(11,200,000)	-	(400,000)	-
Options forfeited ⁽ⁱⁱⁱ⁾	(1,527,500)	-	-	-
Options converted	-	-	(9,150,000)	-
Closing balance	22,488,905	1,941,721	34,716,405	1,906,837

- (i) On 1 December 2016, 500,000 options were issued as part of the PICA arrangement with an expiry date of 12 months from grant date. As a consequence of the options being out of the money and other terms and conditions, they have been attributed a with a nil value.
- (ii) On 10 October 2016, 8,200,000 unlisted options expired as they were left unexercised at their expiry date. 3,000,000 options also expired on 30 June 2017.
- (iii) 1,527,500 share options were forfeited during the financial year as a result of the option holders ceasing employment with the company.

Issued capital and contributed equity continued

Capital management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from the 2016 financial year. The capital structure of the Group can, at various times, consist of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures including tax and general administrative outgoings.

17. Reserves

	2017 \$	2016 \$
Foreign currency translation reserve	(213,411)	(85,619)
Employee share options reserve	1,941,721	1,906,837
Total Reserves	1,728,310	1,821,218

Foreign currency translation reserve

	2017 \$	2016 \$
Balance at beginning of year	(85,619)	31,875
Exchange differences on translation of foreign entities	(127,792)	(117,494)
Balance at end of year	(213,411)	(85,619)

This reserve is used to record the exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars). They are recognised directly in the statement of comprehensive income and accumulated in the foreign currency translation reserve.

Share-based payment reserve

	2017 \$	2016 \$
Balance at beginning of year	1,906,837	1,446,919
Share based payments	34,884	459,918
Balance at end of year	1,941,721	1,906,837

The share-based payment reserve is used to record the fair value of shares or options issued to employees and directors as part of their remuneration. The balance is transferred to share capital when options are exercised.

18. Accumulated losses

	2017 \$	2016 \$
Balance at beginning of year	(17,966,628)	(8,749,078)
Net profit/(loss) attributable to members of the parent entity	(36,159,132)	(9,290,593)
Sale of subsidiary (refer to note 14)	21,065	73,043
Balance at end of year	(54,104,695)	(17,966,628)

19. Commitments

The Group has entered into the following lease arrangements:

- (i) A 5 year lease on the Urbanise's corporate headquarters in Melbourne, which terminates on 21 May 2020;
- (ii) A 5 year lease on the Urbanise operational headquarters in Dubai, which terminates on 30 June 2020;
- (iii) A 3 year lease for office space in Singapore for Urbanise.com (SEA) Pte Ltd, which terminates on 31 March 2018;
- (iv) A 3 year lease for office space in Brisbane for Mystrata Pty Ltd headquarters, which terminates on 15 April 2019;
- (v) A 6 month lease for office space in Sydney, which terminates on 31 October 2017;
- (vi) A 1 year lease for office space for Mystrata Middle East FZ LLC in Dubai, which terminates on 4 January 2018; and
- (vii) A 3 year lease for office space for Urbanise.com (Pty) Ltd in South Africa, which terminates on 30 June 2019.

The following obligations relating to the leases are not provided for in the financial report, and are payable:

	2017 \$	2016 \$
Not longer than 1 year	443,380	471,228
Longer than 1 year and not longer than 5 years	581,304	1,017,902
Balance at end of year	1,024,684	1,489,130

20. Subsidiaries

The parent entity of the Group is Urbanise.com Limited, which has the subsidiaries detailed in the following table.

	Country of incorporation	Ownership interest	
		2017 %	2016 %
Parent entity			
Urbanise.com Limited	Australia		
Subsidiaries			
Urbanise.com (MENA) Pty Limited	Australia	100	100
Urbanise.com (SEA) Pte Limited	Singapore	100	100
Urbanise.com (UK) Limited	United Kingdom	-	100
Urbanise DWC LLC	United Arab Emirates	100	100
Mystrata Pty Limited	Australia	100	100
Mystrata Holdings Pty Limited	Australia	100	100
Mystrata Middle East FZ LLC	United Arab Emirates	100	100
Urbanise.com (Pty) Limited	South Africa	100	100

During FY2017, Urbanise relinquished ownership of Urbanise.com (UK) Limited effective of 7 February 2017. Refer to discontinued operations note 14.

The Group has no significant restrictions on its ability to access or use the assets and settle the liabilities of the group.

21. Cash flows from operations reconciliation

	2017 \$	2016 \$
Cash and cash equivalents		
Cash at bank	5,234,200	7,785,602
Cash on hand	6,789	4,138
Total cash and cash equivalents	5,240,989	7,789,740

Cash flow information

	2017 \$	2016 \$
Profit/(loss) for the year:	(36,159,132)	(9,290,593)
Non cash items:		
Depreciation & Amortisation	2,033,759	1,767,240
Share Based Payments	34,884	459,918
Unrealised foreign exchange	4,656	283,969
Movements in reserves	(127,792)	(117,494)
Profit/loss on disposal of fixed assets	97,619	117,411
Profit/loss on disposal of subsidiary	30,523	-
Earn out and warranty shares	-	1,663,292
Impairment of intangible assets	12,200,298	-
Impairment of inventory	379,628	-
Impairment of trade debtors	7,070,900	-
Items classified as investing activities:		
Foreign exchange on business acquisition	316,674	-
Changes in net assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,217,537	(2,921,201)
Decrease/(increase) in inventory	(824,612)	-
Increase/(decrease) in trade and other payables	184,383	(22,626)
Increase/(decrease) in employee provisions	87,766	168,890
Increase/(decrease) in tax payable	2,942,099	(2,691,106)
Increase/(decrease) in deferred income	(249,744)	239,842
Net cash from operating activities	(8,760,554)	(10,342,458)

Non-cash financing and investing activities

There were no significant non-cash financing and investing transactions during financial year 30 June 2017 (2016: \$1,663,292).

22. Financial risk management

The Group is exposed to a variety of financial risks comprising:

- Market price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks and mitigate through appropriate controls and risk limits.

The Group holds the following financial instruments:

	2017 \$	2016 \$
Financial assets		
Cash and cash equivalents	5,240,989	7,789,740
Trade and other receivables	3,170,851	13,087,082
	8,411,840	20,876,822
Financial liabilities		
Trade and other payables	1,634,432	1,460,898
	1,634,432	1,460,898

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). There can be no guarantee that in an active market shares will develop or that the price of the Shares will increase. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Management closely monitor market share prices and perform sensitivity analysis in order to measure market risk exposure. Urbanise are not exposed to material price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. At the end of the year the Group was exposed to US Dollar (USD), Dirhams (AED), Great British Pound (GBP), Euro (EUR), South African Rands (ZAR) and Singapore dollars (SGD), currency fluctuations. Exchange rate exposures are managed within approved internal policy parameters. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date were:

Foreign currency sensitivity analysis

	Liabilities		Assets	
	2017 \$	2016 \$	2017 \$	2016 \$
USD (Australian dollars equivalent)	(37,906)	(40,929)	1,923,179	6,858,690
GBP (Australian dollars equivalent)	(44,394)	(164,636)	18,821	1,658,852
AED (Australian dollars equivalent)	(120,957)	(103,597)	34,270	4,009,682
SGD (Australian dollars equivalent)	(7,053)	(19,097)	1,060	-
ZAR (Australian dollars equivalent)	-	-	1,901	692
EUR (Australian dollars equivalent)	-	(140,742)	116,677	725,566

Based on the financial instruments held at 30 June 2017 the Group's post tax profit and equity would have been \$837,772 higher/lower (2016: \$1,209,576 higher/lower) with a 10% increase/decrease in the Australian dollar against other foreign currencies. The Group's sensitivity to foreign currency risk has elevated year on year due to the structuring of debt receivables with customers in foreign countries, in addition to increased international transactions as the company is in a rapid growth phase.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates in the short-term.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group is not exposed to any significant interest rate risk as there are no external debts or borrowings. During the financial year there were three interest bearing term deposit accounts, with one still existing at reporting date, in addition to operating bank accounts with minor interest rates.

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed/ variable rate
2017	\$	\$	\$	%	
Financial assets					
Cash and cash equivalents	4,611,847	629,142	5,240,989	0.40	Fixed & variable
Other assets	165,277	1,300,453	1,465,730	1.76	Fixed & variable
	4,777,124	1,929,595	6,706,719		

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed/ variable rate
2016	\$	\$	\$	%	
Financial assets					
Cash and cash equivalents	7,226,472	563,268	7,789,740	1.08	Fixed & variable
Other assets	10,075	1,839,094	1,849,169	2.00	Fixed & variable
	7,236,547	2,402,362	9,638,909		

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates in the short-term.

At reporting date, there were no borrowings in relation to bank facilities. A 100-basis points change on the interest rates would result in an increase/decrease to the Group's net profit by approximately \$59,405 based on the average cash holding during the year (2016: \$96,169).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

Trade and other receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms. The ageing analysis of trade and other receivables is provided in Note 6. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms.

The Group does not have any material credit risk exposure for other receivables or other financial instruments.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	< 1 Year	1 - 5 years	Total contractual cash flows	Carrying amount
2017	\$	\$	\$	\$
Cash and cash equivalents	5,240,989	-	5,240,989	5,240,989
Trade and other receivables	2,787,611	438,703	3,226,314	3,170,851
Other assets	1,465,730	-	1,465,730	1,465,730
Payables	(1,634,432)	-	(1,634,432)	(1,634,432)
Other liabilities	(1,013,594)	-	(1,013,594)	(1,013,594)
Net maturities	6,846,304	438,703	7,285,007	7,229,544

	< 1 Year	1 - 5 years	Total contractual cash flows	Carrying amount
2016	\$	\$	\$	\$
Cash and cash equivalents	7,789,740	-	7,789,740	7,789,740
Trade and other receivables	7,920,291	6,031,009	13,951,300	13,087,082
Other assets	1,849,169	-	1,849,169	1,849,169
Payables	(1,460,898)	-	(1,460,898)	(1,460,898)
Other liabilities	(1,263,338)	-	(1,263,338)	(1,263,338)
Net maturities	14,834,964	6,031,009	20,865,973	20,001,755

The difference between the carrying amount and the contractual cash flows for trade and other receivables of \$55,463 relates to notional interest on deferred payment schedules of \$122,581 and unrealised gain on revaluation of trade receivables of \$67,118.

Fair value compared with carrying amounts

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

23. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

At 30 June 2017, the Group did not have any assets or liabilities held at fair value.

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value hierarchy during the year.

Valuation techniques and inputs used in level 3 fair value measurements

There were no financial assets or liabilities measured at fair value at 30 June 2017.

Reconciliation of recurring level 3 fair value measurements

30 June 2016

	Earn out in a business combination \$	Total \$
Opening balance	1,108,058	1,108,058
Extinguishment	555,234	555,234
Total gains or losses in P&L	(1,663,292)	(1,663,292)
Closing balance	-	-

On 21 June 2016, there was an agreed final settlement in relation to the purchase price of Mystrata Group, acquired 1 June 2015. The earn-out and warranty share adjustment agreed settlement resulted in an issuance of 6,445,000 shares to Mystrata shareholders at a market value of \$2,771,350. Level 3 financial liabilities measured at fair value at 30 June 2015 have been transferred to equity. There are no level 3 financial liabilities held at 30 June 2017.

24. Key management personnel compensation

Key management is defined as Directors and other key management personnel as referred to in the remuneration report. The aggregate compensation made to key management personnel of the Group is set out below:

	2017 \$	2016 \$
Short-term employee benefits	741,602	2,218,925
Long-term employee benefits	81,312	116,115
Post-employment benefits - superannuation	11,297	25,327
Share-based payments	11,234	149,047
Total key management personnel compensation	845,445	2,509,414

25. Related party transactions

Equity interests in related parties

(i) *Equity interests in subsidiaries*

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 20 to the financial statements.

Transactions with key management personnel

(i) *Key management personnel compensation*

Details of key management personnel compensation is disclosed in Note 24.

(ii) *Loans to key management personnel*

There were no loans to key management personnel during the financial year.

(iii) *Other transactions with key management personnel of the Group*

There were no other transactions with key management personnel of the Group during the financial year or in the prior year.

Transactions between Urbanise.com Limited and its related parties

(i) *Related parties*

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

As disclosed in Note 7, the Group also has a loan receivable from an associate of \$52,000 in relation to funds for shares issued.

(ii) *Trading transactions*

During the financial year, there were no related party trading transactions.

26. Remuneration of auditors

	2017 \$	2016 \$
Auditor of the parent entity (Pitcher Partners):		
Audit and review of the financial report	244,458	303,669
Non-audit services:		
- Assistance with compliance	5,000	-
- Taxation advice	23,100	44,053
Total remuneration of auditors	272,558	347,722

27. Earnings per share

	2017 \$	2016 \$
Basic earnings profit/(loss) per share ⁽ⁱ⁾	(12.42)	(3.85)
Diluted earnings profit/(loss) per share ⁽ⁱⁱ⁾	(12.42)	(3.85)
(i) Basic earnings per share		
Net profit/(loss) from continued and continuing operations	(36,159,132)	(9,290,593)

	2017 Number	2016 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	291,076,610	241,583,207

(ii) Diluted earnings/(loss) per share

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share. Accordingly, the number used to calculate the diluted earnings/(loss) per share is the same as the number used to calculate the basic earnings/(loss) per share.

	2017 Number	2016 Number
Share options	22,488,905	34,716,405

28. Share-based payments

Employee share option plan

Share options are granted to executives and staff as part of their remuneration package under the Employee Share Option Plan. There are no cash settlement alternatives. The Employee Share Option Plan is designed to provide long-term incentives for senior managers and above (including Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and there is no individual contractual right to participate in the plan or to receive any guaranteed benefits.

The following share-based payment arrangements were in existence during the current and comparative reporting periods and are supported by the tables provided below:

- (i) 11,927,500 share options at an exercise price of \$0.20 expired or were forfeited during financial year ended 30 June 2017.
- (ii) On 1 December 2016, 500,000 options were issued as part of the PICA arrangement with an expiry date of 12 months from grant date. As a consequence of the options being out of the money and other terms and conditions, they have been attributed with a nil value.

Financial Year 2017							
Grant Date	Fair value of options at grant date	No. of options granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
1/12/2016	\$0.001	500,000	30/11/2017	\$0.18	50%	0%	1.81%

The weighted average share price for share options exercised during the period was \$0.18. The weighted average remaining contractual life for share options outstanding at the end of the period was 2.8 years.

Grant Date	Fair value of options at grant date	No. of options granted	Financial Year 2016				
			Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
01/05/2015 ⁽ⁱ⁾	\$0.53	200,000	31/12/2018	\$1.25	43%	0%	1.93%
15/12/2015	\$0.18	190,000	15/12/2020	\$0.56	41%	0%	2.22%
29/04/2016	\$0.16	100,000	16/12/2021	\$0.38	50%	0%	2.05%

- (i) These options were only authorised for issue to the employee in August 2015 however the grant date for accounting purposes is considered to be 1 May 2015. The weighted average share price for share options exercised during the financial year end 30 June 2016 was \$0.65. The weighted average remaining contractual life for share options outstanding at the end of the period was 3.93 years.

Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions of \$34,884 was recorded within employee benefits expense in the statement of comprehensive income.

Financial Year 2017			
Grant Date	Expiry Date	Exercise Price	Balance at beginning of year
10/10/2011	10/10/2016	\$0.20	8,200,000
30/06/2012	30/06/2017	\$0.20	3,000,000
9/08/2012	9/08/2017	\$0.20	2,000,000
5/10/2012	9/08/2017	\$0.20	1,400,000
30/06/2013	30/06/2018	\$0.20	3,000,000
11/12/2013	31/12/2018	\$0.20	2,000,000
11/12/2013	31/12/2018	\$0.24	2,000,000
11/12/2013	31/12/2018	\$0.30	2,000,000
6/06/2014	6/06/2019	\$0.20	3,000,000
4/08/2014	4/08/2019	\$0.20	400,000
10/12/2014	17/12/2019	\$0.65	100,000
22/04/2015	6/02/2023	\$0.75	100,000
25/04/2015	5/10/2022	\$0.75	100,000
28/04/2015	1/11/2022	\$0.75	100,000
30/04/2015	22/09/2021	\$0.75	250,000
1/05/2015	22/09/2021	\$0.75	250,000
4/05/2015	15/11/2022	\$0.75	100,000
1/05/2015	31/12/2018	\$1.00	200,000
15/12/2015	15/12/2020	\$0.69	190,000
29/04/2016	28/04/2021	\$0.40	100,000
1/12/2016	30/11/2017 ^(a)	\$0.47	-

Financial Year 2017				
Granted during year	Exercised during year	Expired/ forfeited during year ⁽ⁱ⁾	Balance at end of year	Balance vested at end of year
-	-	(8,200,000)	-	-
-	-	(3,000,000)	-	-
-	-	-	2,000,000	2,000,000
-	-	-	1,400,000	1,400,000
-	-	-	3,000,000	3,000,000
-	-	-	2,000,000	2,000,000
-	-	-	2,000,000	2,000,000
-	-	-	2,000,000	2,000,000
-	-	-	3,000,000	2,300,000
-	-	-	400,000	400,000
-	-	-	100,000	100,000
-	-	-	100,000	65,000
-	-	(100,000)	-	-
-	-	(100,000)	-	-
-	-	(250,000)	-	-
-	-	(250,000)	-	-
-	-	-	100,000	65,000
-	-	-	200,000	200,000
-	-	(27,500)	162,500	54,167
-	-	-	100,000	33,333
500,000	-	-	500,000	500,000

Financial Year 2016					
Grant Date	Expiry Date	Exercise Price		Balance at beginning of year	
7/04/2009	7/10/2015	\$	0.20	950,000	
30/04/2011	31/12/2015	\$	0.20	8,000,000	
10/10/2011	10/10/2016	\$	0.20	8,400,000	
30/06/2012	30/06/2017	\$	0.20	3,000,000	
9/08/2012	9/08/2017	\$	0.20	2,000,000	
5/10/2012	9/08/2017	\$	0.20	1,400,000	
30/06/2013	30/06/2018	\$	0.20	3,000,000	
30/08/2013	31/12/2015	\$	0.20	400,000	
11/12/2013	31/12/2018	\$	0.20	2,000,000	
11/12/2013	31/12/2018	\$	0.24	2,000,000	
11/12/2013	31/12/2018	\$	0.30	2,000,000	
6/06/2014	6/06/2019	\$	0.20	3,000,000	
4/08/2014	4/08/2019	\$	0.20	400,000	
10/12/2014	17/12/2019	\$	0.65	100,000	
22/04/2015	6/02/2023	\$	0.75	100,000	
25/04/2015	5/10/2022	\$	0.75	100,000	
28/04/2015	1/11/2022	\$	0.75	100,000	
30/04/2015	22/09/2021	\$	0.75	250,000	
1/05/2015	22/09/2021	\$	0.75	250,000	
4/05/2015	15/11/2022	\$	0.75	100,000	
1/05/2015	31/12/2018	\$	1.00	-	
15/12/2015	15/12/2020	\$	0.69	-	
29/04/2016	28/04/2021	\$	0.40	-	

Financial Year 2016				
Granted during year	Exercised during year	Expired/ transferred during year ⁽ⁱ⁾	Balance at end of year	Balance vested at end of year
-	(550,000)	(400,000)	-	-
-	(8,000,000)	-	-	-
-	(200,000)	-	8,200,000	8,200,000
-	-	-	3,000,000	3,000,000
-	-	-	2,000,000	2,000,000
-	-	-	1,400,000	1,400,000
-	-	-	3,000,000	2,300,000
-	(400,000)	-	-	-
-	-	-	2,000,000	2,000,000
-	-	-	2,000,000	2,000,000
-	-	-	2,000,000	2,000,000
-	-	-	3,000,000	1,600,000
-	-	-	400,000	263,966
-	-	-	100,000	100,000
-	-	-	100,000	30,000
-	-	-	100,000	30,000
-	-	-	100,000	30,000
-	-	-	250,000	218,750
-	-	-	250,000	218,750
-	-	-	100,000	30,000
200,000	-	-	200,000	200,000
190,000	-	-	190,000	-
100,000	-	-	100,000	-

29. Subsequent events

On 21 August 2017, Henry Arundel commenced with Urbanise as Chief Executive Officer. Saurabh Jain commenced with Urbanise as Chief Solutions Officer on 9 August 2017. It was announced on 24 August 2017 that the Senior Management team, Robert Cumming, Adam Bate and David Bugden would be relocating to Australia to support the expanding customer base and pipeline opportunities in Australasia.

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

30. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Director's reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The following companies are parties to a deed of cross guarantee under which each company guarantees the debts of the others:

- Urbanise.com Limited;
- Urbanise.com (SEA) Pte Limited;
- Urbanise.com (MENA) Pty Limited;
- Mystrata Pty Limited; and
- Mystrata Holdings Pty Limited

Urbanise.com Limited, Urbanise.com (MENA) Pty Limited, Urbanise.com (SEA) Pte Limited, Mystrata Pty Limited and Mystrata Holdings Pty Ltd entered into a Deed of Cross Guarantee on 26 June 2015. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2017 is set out below.

Closed group consolidated statement of comprehensive income for the year ended 30 June 2017

	2017 \$	2016 \$
Revenue and other income		
Sales revenue	3,113,911	6,897,297
Other income	384,745	1,524,503
	3,498,656	8,421,800
Less: expenses		
Cost of sales	(2,937,598)	(2,457,592)
Depreciation and amortisation expenses	(1,849,543)	(1,216,768)
Employee benefits expense	(6,329,340)	(8,514,755)
Lease expense	(620,521)	(597,417)
Finance costs	(2)	(3,792)
Foreign Exchange (loss)/gain	(555,137)	(255,123)
Travel expenses	(478,944)	(1,118,737)
Professional fees	(1,151,700)	(989,254)
Advertising and Promotion Expenses	(73,469)	(381,853)
Subscription expenses	(1,179,050)	(852,713)
Impairment provision	(3,550,311)	(3,151,354)
Warranty and earn-out shares	-	(1,663,292)
Impairment of trade receivables	(6,702,328)	-
Impairment of intangible assets	(12,200,298)	-
Other expenses	(1,265,479)	(1,020,243)
Profit/(loss) before tax	(35,395,064)	(13,801,093)
Income tax (expense)/benefit	(3,003,320)	2,509,548
Profit/(loss) for the year	(38,398,384)	(11,291,545)
Other comprehensive income for the year net of income tax	(31,891)	(31,891)
Total comprehensive income for the year	(38,430,275)	(11,323,436)

Closed group consolidated statement of financial position as at 30 June 2017

	2017 \$	2016 \$
Current assets		
Cash and cash equivalents	5,075,450	7,635,304
Trade and other receivables	2,474,531	7,607,562
Other assets	4,802,212	1,900,578
Current tax receivable	61,222	-
Inventory	966,858	593,563
Total current assets	13,380,273	17,737,007
Non-current assets		
Property, plant and equipment	417,571	555,238
Intangible assets	13,695,752	14,812,833
Goodwill	9,430,858	12,216,795
Other non-current assets	475,020	5,056,667
Deferred tax assets	-	2,803,267
Total non-current assets	24,019,201	35,444,800
Total assets	37,399,474	53,181,807
Current liabilities		
Trade and other payables	1,455,100	1,420,936
Provisions	962,224	929,216
Other liabilities	2,020,374	1,004,880
Total current liabilities	4,437,698	3,355,032
Non-current liabilities		
Provisions	27,955	17,246
Total non-current liabilities	27,955	17,246
Total liabilities	4,465,653	3,372,278
Net assets	32,933,821	49,809,529
Equity		
Issued capital and contributed equity	88,534,115	67,029,195
Employee option reserve	1,941,721	1,906,837
Foreign currency translation reserve	(17,184)	(56)
Accumulated losses	(57,524,831)	(19,126,447)
Total equity	32,933,821	49,809,529

31. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Refer to Note 30 for detailed disclosure.

Summarised statement of financial position as at 30 June 2017

	2017 \$	2016 \$
Current assets		
Cash and cash equivalents	4,679,397	7,320,447
Trade and other receivables	2,264,950	7,345,556
Other assets	3,099,210	3,618,209
Current tax receivable	61,222	-
Inventory	966,857	593,172
Total current assets	11,071,636	18,877,384
Non-current assets		
Property, plant and equipment	390,747	521,693
Intangible assets	7,498,392	9,324,801
Deferred tax assets	-	2,774,247
Other non-current assets	475,020	5,056,667
Investment	16,240,486	16,240,678
Total non-current assets	24,604,645	33,918,086
Total assets	35,676,281	52,795,470
Current liabilities		
Trade and other payables	1,313,526	1,387,083
Provisions	875,502	871,096
Other liabilities	89,122	386,803
Total current liabilities	2,278,150	2,644,982
Non-current liabilities		
Provisions	5,037	2,953
Total non-current liabilities	5,037	2,953
Total liabilities	2,283,187	2,647,935
Net assets	33,393,094	50,147,535

Summarised statement of financial position as at 30 June 2017 (continued)

	2017 \$	2016 \$
Equity		
Issued capital and contributed equity	87,173,209	65,668,289
Employee option reserve	1,941,721	1,906,837
Accumulated losses	(55,721,836)	(17,427,591)
Total equity	33,393,094	50,147,535

	2017 \$	2016 \$
Profit/(loss) for the year	(38,294,245)	(8,868,327)
Other comprehensive income	-	-
Total comprehensive income	(38,294,245)	(8,868,327)

DIRECTORS' DECLARATION

In the Directors opinion:

- (i) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (ii) the attached financial statements and notes set out on pages 19 to 65 are in accordance with the *Corporations Act 2001*, and give a true and fair view of the financial position and performance of the Group for the financial year ended on 30 June 2017.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 30 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*



Anthony Scotton
Chairman

Melbourne, 31 August 2017

URBANISE.COM LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
URBANISE.COM LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Urbanise.com Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Material uncertainty regarding going concern

We draw attention to Note 1 on the financial report, which indicates that the Group incurred a net loss of \$36,159,132 during the year ended 30 June 2017 and, as of that date the Group's cash flow forecast indicated the Group will require additional cash flows within the next 12 months to meet its forecast net outgoings. As stated in Note 1, these events or conditions, along with the other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How our audit addressed the key audit matter

Going Concern

Refer to Note 1

We focused on this area as a key audit matter for the reasons identified in the Emphasis of Matter – Material uncertainty regarding going concern section of this report and the disclosure in Note 1.

Our procedures included, amongst others:

- Reviewing the cash flow forecasting model;
- Confirming the cash flow forecasts prepared by management were those approved by the Board;
- Assessing cash flow forecasts prepared by management including their judgments and assumptions, against actual results for 30 June 2017;
- Performing sensitivity analysis of the inputs to the cash flow forecasts.
- Reviewing and considering the correspondence between the parties referred to in note 1 with respect to the possible additional equity funding;
- Obtaining written representation from the Board of Directors in relation to their assessment of going concern.

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INDEPENDENT AUDITOR'S REPORT
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Impairment of goodwill and other intangible assets

Refer to Note 1 and Note 10

We focused on this area as a key audit matter due to:

Goodwill from business acquisitions represents \$12.4m or 32% of the Group's total assets, (net of impairment).

Other Intangibles represent \$14.9m or 38% of the Group's total assets, (net of impairment)

There are two individual Cash Generating Units "CGUs" being Mystrata and Urbanise. The goodwill relates to only the Mystrata CGU.

Determining whether an asset is impaired incorporates significant estimates and assumptions from management, in respect of factors such as forecast cash flows from current customer contracts as well as future contract wins, discount rates applied, forecast growth rates, perpetual growth rate and foreign currency rates. We focused on the Group's valuation methodology and these associated key inputs.

An impairment of goodwill of \$2.6m was recognised for the year and an impairment of other intangibles of \$9.6m was recognised for the year.

Our procedures included, amongst others:

- Assessing management's determination of the Group's CGUs based on our understanding of the nature of the Group's business;
- Analysing the internal reporting of the Group to assess how results were monitored and reported;
- Reviewing the foreign exchange rates used for consistency with the market rate;
- Evaluating the forecasting process undertaken by the Group by assessing the forecast cash flows by comparing to actual results for FY17. We used knowledge from this evaluation to inform our approach;
- Challenging management's forecast assumptions in respect of future cash flow and growth rates with reference to historical and expected performance, market conditions and corroborating events;
- Performing sensitivity testing of management's value in use model with specific attention to the discount rate applied and perpetual growth rate used;
- Evaluation by an internal expert of management's value in use models used in assessing impairment with particular regard to historical results and observable market benchmarks and data, including assessing and challenging the discount rate applied and perpetual growth rate; and
- Where impairment is recognised, recalculating the expense by comparing the carrying amount of the net assets and goodwill of the CGU to management's calculation.

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Valuation of trade and other receivables

Refer to Note 1 and Note 6

We focused on this area as a key audit matter due to:

Trade and other receivables as at 30 June 2017 of \$3.2m (net of provisions).

The Group operates in a number of different geographical locations with wide ranging characteristics of individual customers within those locations, consequently there is considerable management judgement in determining whether an individual receivable is recoverable or impaired, in particular those receivables past due. A provision for impairment on trade receivables of \$5.6m was recognised at year end.

The collectability of the Group's trade receivables, and the valuation of the allowance for impairment of trade receivables is a key audit matter due to the management judgment involved.

Our procedures included, amongst others:

Understanding and evaluating the Group's controls for trade and other receivables, including the provisioning and collection controls.

Challenging management's judgements and assumptions regarding the collection of trade receivables.

Assessing the adequacy of the allowance for impairment of trade receivables by:

- Tracing a sample of debtors to subsequent receipts;
- Obtaining confirmations of receivables from major customers;
- Assessing the ageing of trade receivables, customer contracts, disputes with customers and the past payment and credit history of the customers;
- Assessing the profile of trade receivables and the economic environment applicable to these customers; and,
- Considering the historical accuracy of forecasting the allowance for impairment of trade receivables.

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Business combinations

Refer to Note 1(r) ; Note 15

During the year the Group acquired the business assets and the international intellectual property rights of the Wattkeeper and Intelligen Technology for a gross purchase consideration of \$12.3m. This was considered a significant purchase for the Group.

Accounting for this transaction is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets such as customer contracts and relationships. Included in this calculation are managements assumptions, in respect of factors such as forecast cash flows from current customer contracts as well as future contract wins and discount rates applied. We focused on the Group's valuation methodology and these associated key inputs.

It is due to the size of the business combination and the estimation process involved in accounting for it that this is a key area of audit focus.

Our procedures included, amongst others:

- Understanding and evaluating the Groups controls for business combinations.
- Gaining an understanding of key terms and conditions as detailed in the sale and purchase agreement;
- Evaluating management's calculations of purchase consideration in line with the sale and purchase agreements, including recognition of assets and liabilities and agreed consideration transferred to supporting documentation.
- Evaluating the assumptions and methodology in management's value-in-use model which was used to determine the value and purchase price allocation of the Wattkeeper and Intelligen Technology to the Group;
- Engaging our internal valuation specialists to assess the calculations and logic within the value-in-use model, management's expert report and compare the valuation, methodology, assumptions and inputs with external benchmarks based on knowledge of the Group and its industry;

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PITCHER PARTNERS

**INDEPENDENT AUDITOR'S REPORT
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Other information – The annual report is not complete at the date of the audit report

The directors are responsible for the other information. The other information comprises the Directors Report and Corporate Governance Statement which were obtained as at the date of our audit report, and any additional other information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When the Group's annual report is completed and received, we will read any additional other information that has been included in the annual report, in addition to the Director's report and Corporate Governance Statement (and any other information at the date of signing), which was obtained at the date of our auditor's report. If we conclude that there is a material misstatement in the additional other information, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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**INDEPENDENT AUDITOR'S REPORT
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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
URBANISE.COM LIMITED

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 16 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Urbanise.com Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Peter Jose
Partner

PITCHER PARTNERS
Melbourne

Date 31 August 2017

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ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Listing Rules not disclosed elsewhere in the full year report is set out below. The shareholder information set out below was applicable as at 4 September 2017.

1. Distribution of Shareholders

Distribution of ordinary shareholders and shareholdings is set out in the table below:

Range	Total holders	Units	% of Issued Capital
1-1,000	53	27,301	0.01
1,001-5,000	181	612,730	0.17
5,001-10,000	102	818,918	0.23
10,001-100,000	272	11,388,638	3.22
100,001-99,999,999,999	132	341,040,112	96.37
Total	740	353,887,699	100.00

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:

- (i) on a show of hands, one vote only; and
- (ii) on a poll, one vote for every fully paid ordinary share held.

2. Largest shareholders

The names of the twenty largest holders by account holding of ordinary shares are listed below:

Rank	Name	Shares Held	% of Issued Capital
1.	ARGOSY CAPITAL LIMITED	95,738,412	27.05
2.	CITICORP NOMINEES PTY LIMITED	43,228,750	12.22
3.	PIERCE ESIM PTE LIMITED	36,444,340	10.30
4.	PIERCE CIM PTE LIMITED	32,040,580	9.05
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,156,778	4.00
6.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	10,216,860	2.89
7.	ROBERT GORDON CUMMING	9,712,273	2.74
8.	NITARAE NOMINEES PTY LTD <BUGDEN FAMILY ENTERPRISE A/C>	9,015,120	2.55
9.	CONSTRUCTION INDUSTRY SOLUTIONS ME FZE	8,434,150	2.38
10.	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	5,233,975	1.48
11.	MR ANTHONY SCOTTON <SCOTTON S/F A/C>	5,100,000	1.44
12.	HELIX CS PTE LTD	5,000,000	1.41
13.	BNP PARIBAS NOMS PTY LTD <DRP>	4,721,639	1.33
14.	IFM PTY LIMITED <IFM SUPER FUND A/C>	4,121,205	1.16
15.	MR CHRISTOPHER BEAUFORD LEAHY	3,005,041	0.85
16.	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	3,000,000	0.85
17.	DIXSON TRUST PTY LIMITED	2,160,153	0.61
18.	TOM HALE PTY LTD	2,000,000	0.57
19.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,870,808	0.53
20.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,771,673	0.50
Top 20 holders of ordinary fully paid shares		296,971,757	83.92

3. Option holders

The Company has 19,088,908 unlisted options on issue with 56 holders and no listed options.

4. Register of substantial shareholders

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates shown, are as follows:

Rank	Name	Shares Held	% of Issued Capital
1.	ARGOSY CAPITAL LIMITED	95,738,412	27.05
2.	CITICORP NOMINEES PTY LIMITED	43,228,750	12.22
3.	PIERCE ESIM PTE LIMITED	36,444,340	10.30
4.	PIERCE CIM PTE LIMITED	32,040,580	9.05

5. Restricted Securities

298 shareholders held a less than a marketable parcel, based on the closing market price of \$0.05 on 4 September 2017.

The number and class of restricted securities or securities subject to voluntary escrow that are on issue and the date that the escrow period ends are as below:

- 63,500,000 ordinary shares, escrow period ending 7 August 2018;
- 797,719 ordinary shares, escrow period ending 14 August 2018; and
- 31,440,693 ordinary shares, escrow period ending 30 September 2018.

CORPORATE INFORMATION

Company Secretary

Kim Clark
Boardroom Pty Limited
Suite 46, Level 5, 320 Adelaide St
Brisbane QLD 4000

Principal Registered Office

Level 3
385 - 389 Little Lonsdale Street
Melbourne VIC 3000

Postal address

Level 3
385 - 389 Little Lonsdale Street
Melbourne VIC 3000

ASX Code

UBN

Share Registry

Boardroom Smart Business Solutions
Level 12, 225 George St
Sydney NSW 2000

Solicitors

Kardosscanlon Pty Limited
Level 5, 151 Castlereagh Street
Sydney NSW 2000

Bankers

HSBC Australia Bank Limited
Ground Level, 271 Collins Street
Melbourne VIC 3000

Auditors

Pitcher Partners
Level 19, 15 William Street
Melbourne VIC 3000

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