Interim Financial Report

For the half-year ended 31 December 2018

Urbanise.com Limited
ABN 70 095 768 086

CORPORATE INFORMATION

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Solicitors
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Level 5, 151 Castlereagh Street
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Auditors
Ernst & Young
Level 23, 8 Exhibition Street
Melbourne VIC 3000

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CONTENTS

Appendix 4D

For the half-year ended 31 December 2018
Previous corresponding periods: Half-year ended 31 December 2017
Financial year ended 30 June 2018

Results for announcement to the market

	Half-Year Ended			
	31 Dec 2018 $A'000's	**31 Dec 2017 $A'000's**	**Up/ Down**	**% Movement**
Revenue from ordinary activities	3,885	2,813	Up	38%
Loss from ordinary activities after tax attributable to owners of the parent	(2,210)	(13,781)	Up	84%
Loss for the period attributable to members	(2,210)	(13,781)	Up	84%

Net tangible asset backing

	31 Dec 2018	**31 Dec 2017**
Net tangible assets per ordinary security	0.67 cents per share	1.57 cents per share

Dividends

There have been no dividends declared for the half-year ended 31 December 2018 (30 June 2018: nil). There are no dividend or distribution reinvestment plans in operation.

Details of entities over which control has been gained or lost during the period

Urbanise has not gained or lost control of any entity during the period.

Details of associates and joint venture entities

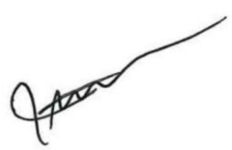
There are no associates or joint ventures within the Urbanise Group.

The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached)

Independent review of the financial report

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement and includes an emphasis of matter – material uncertainty related to going concern.

Signed



Almero Strauss
Non-Executive Chairman
Sydney, 20 February 2019

Directors' Report

The Directors present their report of Urbanise.com Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2018 and independent review report thereon. This consolidated financial report has been prepared in accordance with AASB 134 '*Interim Financial Reporting'*.

The Directors of the Company in office at any time during and since the end of the half-year are:

Name	Office
Almero Strauss	Non-Executive Chairman Executive Chairman (to 21 January 2019)
Russell Bate	Non-Executive Director
Gary Bugden	Non-Executive Director (resigned 21 November 2018)
David Cronin	Non-Executive Director (appointed 14 January 2019)
Pierre Goosen	Non-Executive Director
Saurabh Jain	Executive Director and CEO (appointed 21 January 2019)
Tod McGrouther	Non-Executive Director (appointed 16 October 2018)

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

The consolidated financial results for the six months ending 31 December 2018 reflect strong revenue growth and Urbanise reported total sales revenue of $3.9 million, (2017: $2.8 million), an increase of 38%. For the six months ended 31 December 2018, Urbanise significantly improved the Net Loss After Tax (NLAT) of $2.2 million, (2017: NLAT $13.8 million) and an operating EBITDA loss of $1.6 million (2017: EBITDA loss $12.6 million). No impairment losses were recognised in the half year to 31 December 2018 (2017: $5.8m).

The fundamental and widespread business review completed in Q4 of the 2018 financial year had a significant positive impact on cost minimisation while revenue continued to grow in the six-month period. Cash used in operating activities decreased by 65% and cash used in investing activities decreased by 56%. However, Urbanise continued its investment in staff and operational infrastructure in existing geographies to position the company for significant growth through a number of large client opportunities, and to build scale. In addition, the Group continued its investment into product development and systems to support customers in each geography.

The Board and Management continue to monitor costs and cash management, while ensuring the investment required to provide the development needed to keep Urbanise established as a market leader in the cloud-based Strata, Facilities and Utilities industries. This includes an assessment of all options and opportunities to improve shareholder value.

Significant changes in state of affairs

There have been no significant changes in the group's state of affairs during the half-year ended 31 December 2018.

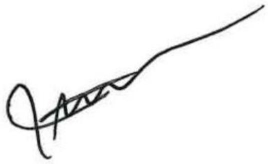
Dividends paid or recommended

In respect of the half-year ended 31 December 2018, there have been no dividends paid or provided for.

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 review for the half-year is provided within this report.

Signed in accordance with a resolution of the Directors:



Almero Strauss
Non-Executive Chairman
20 February 2019

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Auditor's Independence Declaration to the Directors of Urbanise.com Limited

As lead auditor for the review of Urbanise.com Limited for the half year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Robert Dalton
Partner
20 February 2019

Statement of Comprehensive Income

	Note	Half-year ended 2018 $	2017 $
Revenue and other income			
Revenue from contracts with customers	4	3,884,987	2,812,689
Other income	4	7,417	195,050
		3,892,404	3,007,739
Less: expenses			
Employee benefits and contractor costs		(3,829,236)	(5,159,843)
Depreciation and amortisation expenses		(600,035)	(1,207,994)
IT costs		(448,677)	(1,078,926)
Occupancy costs		(336,298)	(500,525)
Travel costs		(256,054)	(298,306)
Professional fees		(205,127)	(348,980)
Cost of implementation and materials		(110,301)	(502,115)
Finance costs		(27)	(1,229)
Foreign exchange (loss)/gain		80,115	(43,282)
Advertising and promotion expenses		(66,541)	(42,111)
Impairment of intangible assets		-	(7,800,000)
Impairment of tangible assets		-	(142,449)
Other expenses		(329,772)	337,485
Loss before tax		(2,209,549)	(13,780,536)
Income tax (expense)/benefit		-	-
Loss for the period		**(2,209,549)**	**(13,780,536)**
Other comprehensive income, net of income tax			
Items to be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(62,783)	161,992
Other comprehensive income/(loss) for the period net of income tax		(62,783)	161,992
Total comprehensive loss for the period		**(2,272,332)**	**(13,618,544)**
Loss for the period attributable to:			
Owners of the parent		(2,209,549)	(13,780,536)
		(2,209,549)	(13,780,536)
Total comprehensive loss attributable to:			
Owners of the parent		(2,272,332)	(13,618,544)
Loss per share			
From continuing operations:			
Basic (cents per share)		(0.37)	(3.58)
Diluted (cents per share)		(0.37)	(3.58)

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

Consolidated statement of financial position

	Notes	31 Dec 2018 $	30 Jun 2018 $
Current assets			
Cash and cash equivalents		4,924,607	3,072,206
Trade and other receivables	5	2,289,133	2,131,323
Other assets		879,366	843,741
Total current assets		**8,093,106**	**6,047,270**
Non-current assets			
Property, plant and equipment		130,584	150,214
Intangible assets		5,682,930	5,895,978
Goodwill		4,786,480	4,786,480
Trade and other receivables	5	-	13,854
Total non-current assets		**10,599,994**	**10,846,526**
Total assets		**18,693,100**	**16,893,796**
Current liabilities			
Trade and other payables		992,264	1,407,539
Provisions		644,682	684,444
Deferred revenue		1,972,640	1,260,007
Total current liabilities		**3,609,586**	**3,351,990**
Non-current liabilities			
Provisions		21,920	15,945
Total non-current liabilities		**21,920**	**15,945**
Total liabilities		**3,631,506**	**3,367,935**
Net assets		**15,061,594**	**13,525,861**
Equity			
Issued capital and contributed equity	6	97,634,813	93,821,852
Employee option reserve		2,272,398	1,981,763
Foreign currency translation reserve		(550,235)	(613,018)
Accumulated losses		(84,295,382)	(81,664,736)
Total equity		**15,061,594**	**13,525,861**

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

Consolidated statement of changes in equity

	Issued capital and contributed equity $	Employee share option reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2017	**87,173,208**	**1,941,721**	**(213,411)**	**(54,104,695)**	**34,796,823**
Profit/(loss) for the period	-	-	-	(13,780,536)	(13,780,536)
Other comprehensive income	-	-	161,992	-	161,992
Total comprehensive income/(loss) for the period	**-**	**-**	**161,992**	**(13,780,536)**	**(13,618,544)**
Transactions with owners in their capacity as owners					
Share-based expense (note 6)	-	16,884	-	-	16,884
Rights issue (note 6)	7,077,754	-	-	-	7,077,754
Cost of rights issue (note 6)	(429,110)	-	-	-	(429,110)
Balance at 31 December 2017	**93,821,852**	**1,958,605**	**(51,419)**	**(67,885,231)**	**27,843,807**
Balance at 1 July 2018	**93,821,852**	**1,981,763**	**(613,018)**	**(81,664,736)**	**13,525,861**
Adjustment to opening balance due to AASB 15 implementation (note 2)	-	-	-	(421,097)	(421,097)
Adjusted opening balance	**93,821,852**	**1,981,763**	**(613,018)**	**(82,085,833**	**13,104,764**
Profit/(loss) for the period	-	-	-	(2,209,549)	(2,209,549)
Other comprehensive income	-	-	62,783	-	62,783
Total comprehensive income/(loss) for the period	**-**	**-**	**62,783**	**(2,209,549)**	**(2,146,766)**
Transactions with owners in their capacity as owners					
Share-based expense (note 6)	-	290,635	-	-	290,635
Rights issue (note 6)	4,084,325	-	-	-	4,084,325
Cost of rights issue (note 6)	(271,364)	-	-	-	(271,364)
Balance at 31 December 2018	**97,634,813**	**2,272,398**	**(550,235)**	**(84,295,382)**	**15,061,594**

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

Consolidated statement of cash flows

	Half-year ended	
	2018	**2017**
	$	**$**
Cash flows from operating activities		
Receipts from customers	4,633,864	2,891,533
Payments to suppliers and employees	(6,239,345)	(8,049,125)
Interest received	6,361	10,714
R&D tax refund	-	549,467
Tax paid	-	(11,785)
Interest paid	(27)	(1,229)
Net cash used in operating activities	(1,599,147)	(4,610,425)
Cash flows from investing activities		
Payments for property, plant & equipment	(20,800)	(33,375)
Payments for intangible assets	(347,318)	(797,412)
Net cash used in investing activities	(368,118)	(830,787)
Cash flows from financing activities		
Proceeds from issue of shares	4,084,325	7,077,754
Payments for share issue costs (note 6)	(271,364)	(429,110)
Net cash provided by financing activities	3,812,961	6,648,644
Net increase/(decrease) in cash and cash equivalents	1,845,696	1,207,432
Cash and cash equivalents at the beginning of the period	3,072,206	5,240,989
Effect of movement in exchange rates on cash balances	6,705	(6,614)
Cash and cash equivalents at the end of the period	**4,924,607**	**6,441,807**

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

Notes to the consolidated financial statements

1. Corporate Information

The interim condensed financial statements of Urbanise.com Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 20 February 2019. Urbanise.com Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of the Company and its subsidiaries are the development and commercialisation of intellectual property associated software licensing, devices and professional services.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements of Urbanise.com Limited and its subsidiaries for the six months ended 31 December 2018 have been prepared in accordance with *AASB 134 Interim Financial Reporting.*

The interim condensed financial statement do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements at 30 June 2018.

Rounding 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.

New Accounting Standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the presentation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statement for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standards, interpretation or amendment that has been issued but not yet effective.

The Group applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB *9 Financial Instruments.* As required by AASB 134, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

AASB 15 *Revenue from Contracts with Customers ("AASB 15")*

Effective 1 July 2018, the Group adopted AASB 15 using the modified retrospective method, with the effect of adopting this standard recognised on 1 July 2018, the date of initial application. Accordingly, the information presented for 2017 has not been restated. It remains as previously reported under AASB 118 and related interpretations.

In its adoption of AASB 15, the Group has elected to apply the requirements of the new standard only to contracts that are incomplete at the date of initial application.

AASB 15 supersedes AASB 11 Construction Contracts, AASB 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In accordance with the new AASB 15 requirements, the disclosures of the impact on adoption on the consolidated statement of comprehensive income and statement of financial position was a follow:

Statement of profit and loss and comprehensive income

	Half year ended 31 December 2018		
	AASB 15	**Previous AASB**	**Increase / (decrease)**
	$	**$**	**$**
Revenue from contracts with clients			
Platform and licence revenue	2,960,107	2,604,020	356,087
Loss for the period attributable to members	(2,209,549)	(2,565,636)	356,087
Basic and diluted EPS (cents per share)	(0.37)	(0.43)	0.06

Statement of financial position

	Half year ended 31 December 2018		
	AASB 15	**Previous AASB**	**Increase / (decrease)**
	$	**$**	**$**
Current liabilities			
Deferred revenue	1,972,640	1,907,630	65,010
Equity			
Accumulated losses	(84,295,382)	(84,360,392)	65,010

The impact on transition at 1 July 2018 was to reduce accumulated losses by $421,097.

Adjustment – Accounting for Regional Operator Licence (ROL) fees.
Under previous accounting standard, revenue in relation to certain ROLs was recognised at the point in time. Under AASB 15, the Group has determined that a number of these arrangements result in the end customer having the right to access the licence, rather than having the right to use the licence. The ongoing support and upgrades are fundamental to the ongoing use of the licences by the end customer. As a result, revenue is recognised over time.

There is no material impact on the statement of cashflows.

Nature of services

The Group is in the business of designing, developing and selling industry specific, cloud-based platforms for the Strata, Facility Management and Utility industries. Revenue from contracts with customers is recognised when control of the software or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Platform licence and activation fees

The Group's hosted software-as-a-service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, and recognised over time (rateably over the contract period) on a straight-line basis, because the customer simultaneously receives and consumes the benefits, commencing on the date an executed contract exists and the customer has the right-to-use and access to the platform.

Activation fees (in respect of migration of data) are recognised over time (as and when access to the platform is provided to the customer) using an input method to measure progress towards complete satisfaction of the performance obligation.

The normal credit term is 30 to 90 days upon invoice date. Throughout the contract, Urbanise has an enforceable right to payment for performance to date.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated based on their standalone selling price ("SSP"). In determining the transaction price for each performance obligation, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the software to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume discounts

Revenue is constrained and the Group provides volume discounts to certain customers once the quantity of licences purchased during the period exceeds a threshold specified in the contract. The Group has certain contracts whereby the license fee changes based on a tiered pricing schedule. In these contracts, any variable consideration (lower prices for increased volumes), is allocated to the period in which the revenue relates.

The Group does not estimate this variable consideration in advance of the variability being resolved as the incremental fees attributable to additional volumes are recognised in the reporting period when the new volumes are activated.

(ii) Significant financing component

The Group may receive short-term advances from its customers. Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Professional services

Professional services are typically billed on a time and material basis and revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, as the services are performed. For professional services contracts billed on a fixed price basis, revenue is recognised over time based on the proportion of services performed.

The Group recognises revenue from professional services over time, using an input method based on hours incurred to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers or self-delivered by the customer, and do not involve significant customization of the hosted software.

Contract balances

Contract assets and deferred revenue (contract liabilities)

The completion of performance obligations often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in contract assets. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue. Deferred revenue is recognised as revenue when the Group performs under the contract.

Trade receivables

A receivable represents the Group's right to a consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of licences, activation fees and professional services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

AASB 9 Financial Instruments ("AASB 9")

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group currently does not hedge any transactions. The Group has applied AASB 9 retrospectively. The initial application date for the Group was 1 July 2018.

Adoption of AASB 9 has resulted in no adjustment to the financial statements at 1 July 2018.

a) Classification and measurement
Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within the Group's business model with the objective to hold the financial assets in order to collect contractual cash flows. representing solely payments of principal and interest on specified dates. Subsequently these financial assets are carried at amortised cost using the effective interest rate method less any impairment losses calculated under the expected credit loss ("ECL") method outlined below. This category includes the Group's trade and other receivables and contract assets.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139.

b) Impairment
The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach.

AASB 9 requires the Group to record an allowance for ECLs for all receivables.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For Contract assets and Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 did not result in a material increase in impairment allowances of the Group's receivables.

New Accounting Standards and interpretations in issue 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 16: Leases: Effective from 1 July 2019

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; 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.

Although a full assessment has yet to be carried out, the expectation is that the right of use asset and lease liability will be recorded on the balance sheet in respect of the Group's portfolio of property leases, currently accounted for as operating leases.

IFRIC Interpretation 23 Uncertainty over Income Tax treatments: Effective from 1 July 2019

IFRIC 23 clarifies the application of recognition and measurement requirements of AASB 122 Income Taxes when there is uncertainty over income tax treatments. A full assessment is yet to be carried out.

Significant accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a material impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are consistent with the 30 June 2018 financial statements, with updates provided below.

Revenue with contracts with customers

Contracts with customers often include promises to deliver multiple products and services. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers or self-delivered by the customer, and do not involve significant customization of the hosted software.

The determination of SPP for distinct performance obligations can also require judgment and estimates. The Group allocates the transaction price based on the relative stand-alone selling prices of the platform licence and activation fees and professional services.

Impairment of tangible and intangible assets

The Group determines whether intangibles are impaired at least on an annual basis by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets in respect of the Facilities and Utilities CGU's were fully impaired at 30 June 2018. The Group assessed the carrying amount of the Group's assets at 31 December 2018 for impairment indicators in respect of the Strata CGU and determined that no indicators were present and accordingly no impairment test was performed.

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 half-year ended 31 December 2018, the Group recorded a net loss after tax of $2,209,549. The Group has a net asset position of $15,061,594 at reporting date inclusive of cash reserves of $4,924,607 with no external debt or borrowings. The Group has prepared a cash flow forecast based on detailed revenue and expenditure which indicates that the Group has sufficient cash resources for the next 12 months to meet its forecast net outgoings. This forecast assumes that the Group will generate improved net cash flow by increasing revenue, reducing expenditure and reducing debtor days. In the event that the Group cannot achieve the cash flow forecast, the Group will consider raising funds through other sources including debt or equity capital if or when required.

The directors are confident that they will be able to improve the Group's cash flow 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.

3. Segment information

AASB 8 '*Operating Segments*' requires operating segments to be identified based on 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 geographical areas generating revenue from all products. The directors of the Company have chosen to organise the Group around differences in regions. The Group's reportable segments under *AASB 8* focus on three key reportable segments:

i. APAC – All products and services in Australia, New Zealand and Asia
ii. E/ME – All products and services in Europe and Middle East
iii. Africa – All products and services in Africa

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

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

Revenue by product

	Half-year ended	
	31 Dec 2018	**31 Dec 2017**
	$	**$**
Strata	2,501,411	1,862,004
Facilities	1,179,144	537,039
Utilities	133,775	170,649
Devices	70,657	402,044
Total revenue of all segments	**3,884,987**	**2,971,736**

Revenue by geography

	Half-year ended	
	31 Dec 2018	**31 Dec 2017**
	$	**$**
APAC	2,245,745	1,644,413
E/ME	1,378,377	1,101,873
Africa	260,865	225,450
Total revenue of all segments	**3,884,987**	**2,971,736**

Segment results

	Half-year ended 31 Dec 2018 $	Half-year ended 31 Dec 2017 $
Continuing operations		
APAC	(1,955,083)	(4,593,580)
E/ME	679,664	289,944
Africa	(341,485)	(361,232)
Total of all segments	**(1,616,904)**	**(4,664,868)**
Impairment	-	(7,942,449)
Depreciation and amortisation	(600,035)	(1,207,994)
Interest income	7,417	36,004
Finance costs	(27)	(1,229)
Profit/(loss) after tax	**(2,209,549)**	**(13,780,536)**

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 interest income, finance costs, income tax expense, depreciation and amortisation and impairment. General and administrative costs including employee costs for the senior leadership team have not been allocated between regions and are included within the region where they are employed, mainly APAC. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The total amount of external revenue derived from major customers where the revenue is greater than 10% is $413,333 (2017: nil).

4. Revenue and other income

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

	Half-year ended 2018 $	Half-year ended 2017 $
Revenue with contract from customers		
Platform license income and activation fees	2,960,107	2,355,794
Professional services	924,880	456,895
Total revenue with contracts from customers	**3,884,987**	**2,812,689**
Other income		
Interest income	6,361	36,004
Research and development income	-	122,812
Other income	1,056	36,234
Total other income	**7,417**	**195,050**

5. Trade and other receivables

Trade and other receivables

	31 Dec 2018	30 Jun 2018
Current	**$**	**$**
Trade receivables	2,270,571	2,038,249
Provision for impairment	(116,908)	(128,068)
Other receivables	135,470	221,142
Total current trade and other receivables	**2,289,133**	**2,131,323**
Non-current		
Trade receivables non-current	-	149,056
Provision for impairment non-current	-	(135,202)
Total non-current trade and other receivables	**-**	**13,854**
Age of receivables that are past due but not impaired		
31-60 days	418,798	159,510
61-90 days	330,731	256,142
90+ days	420,764	328,358
Total age of receivables that are past due but not impaired	**1,170,293**	**744,010**

6. Issued capital and contributed equity

Issued and paid up capital

	31 Dec 2018 $	30 Jun 2018 $
682,497,724 (30 June 2018: 530,831,549) Fully paid ordinary shares	97,634,813	93,821,852

Ordinary shares

	31 Dec 2018		30 Jun 2018	
	No.	**$**	**No.**	**$**
Opening balance	530,831,549	93,821,895	353,887,699	87,173,208
Rights issue	151,666,175	4,084,282	176,943,850	7,077,754
Share issue costs	-	(271,364)	-	(429,110)
Closing balance	682,497,724	97,634,813	530,831,549	93,821,852

i. On 12 October 2018 Urbanise completed a fully underwritten rights issue of 151,666,175 shares at an issue price of 2.7 cents per share, raising funds of $4,084,282. The rights issue closed with 66,363,106 shares issued to existing shareholders and 85,303,069 to the underwriters, KTM Capital Limited.

Performance share rights

	31 Dec 2018	30 Jun 2018
	No.	**No.**
Opening balance	5,946,250	-
Performance share rights issued	30,000,000	16,541,250
Performance share rights forfeited	(200,000)	(10,595,000)
Closing balance	**35,746,250**	**5,946,250**

i. At the board meeting on 24 October 2018, a resolution was passed to issue performance share rights to Urbanise employees. 18,000,000 of the performance shares are based on cash flow targets being met at 30 June 2019. These performance shares will vest in 3 equal tranches on 31 August 2019, 31 August 2020 and 31 August 2021, subject to the employees' (including Key Management Personnel) continued employment. There is no exercise price on these performance rights.
ii. At the board meeting on 21 November 2018, a resolution was passed to issue performance share rights to Urbanise employees. 12,000,000 of the performance shares are based on cash flow targets being met at 30 June 2019. These performance shares will vest in 3 equal tranches on 31 August 2019, 31 August 2020 and 31 August 2021, subject to the employees' (including Key Management Personnel) continued employment. There is no exercise price on these performance rights.

Share Options

	31 Dec 2018	30 Jun 2018
	No.	No.
Opening balance	15,371,405	22,488,905
Options granted over ordinary shares	1,146,552	550,000
Options expired / forfeited	(9,270,000)	(7,667,500)
Closing balance	**7,247,957**	**15,371,405**

i. On 4 September 2018, 1,146,552 share options were granted to Henry Arundel with exercise prices of $0.001 vesting on 4 September 2020 and expiring on 31 December 2020.
ii. 6,200,000 share options expired during the half year 31 December 2018.
iii. 3,070,000 share options were forfeited during the half year 31 December 2018 following employee departures.

Expense arising from share-based payment transactions

	31 Dec 2018	31 Dec 2017
	$	$
Share options	-	8,112
Share options forfeited	-	(11,228)
Performance rights	290,635	20,000
Total expense	**290,635**	**16,884**

7. Fair value of financial instruments

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same.

8. Subsequent events

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.

The Directors declare that the financial statements and notes thereto are in accordance with the *Corporations Act 2001*:

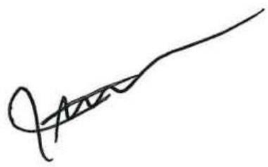
i. Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

ii. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Urbanise.com Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Almero Strauss
Non-Executive Chairman
20 February 2019

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Independent Auditor's Review Report to the Members of Urbanise.com Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Urbanise.com Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern with respect to the requirement to improve the Group's operating cash flow. These events or conditions indicate there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Robert Dalton
Partner
Melbourne
20 February 2019