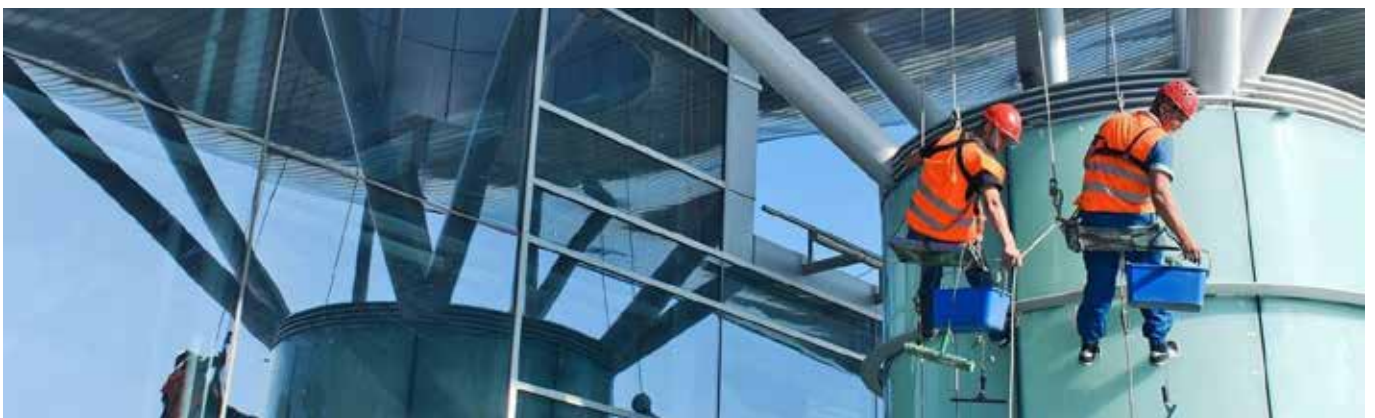




Urbanise.com Limited



Annual Report

2019



**Urbanising the world**

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# Chairman's Overview



## Dear Shareholder,

Urbanise delivered another exceptional year of revenue growth and customer success in FY19.

The changes implemented in the second half of FY18, together with the management capability have positioned the company for growth and operational performance.

## Financial Performance

The highlights of FY19 are:

- **Revenue:** \$8.1m (FY18: \$5.4m)
- **EBITDA after impairment:** \$3.5m loss (FY18: \$25.1m loss)
- **Closing cash:** \$3.7m including \$3.8m net proceeds from capital raising (FY18: \$3.1m)

Looking back over the past three years, revenue has increased significantly by 73% since FY17. This is due to the demand for our platforms and our ability to rapidly implement.

It was pleasing to see continued progress in the recurring revenue base, which increased from \$3.7m to \$6.0m. This is a clear indication of the value placed by our customers on our platforms, as an integral component of their day-to-day operations and data management.

Changes implemented from the second half of FY18 and continuing through FY19 have significantly reduced the cash used. In FY19, cash used averaged at \$273k per month (FY18: \$810k per month).

No impairment costs were booked in FY19 (FY18: \$15.6m).

## Board and Management

During FY19, the following changes occurred in the Board and Management team:

- Gary Bugden ceased as Non-Executive Director on 21 November 2018.
- Tod McGrouther was appointed to the Board as Non-Executive Director on 16 October 2018.

- David Cronin was appointed to the Board as Non-Executive Director on 14 January 2019.
- Saurabh Jain was promoted to CEO and appointed to the Board on 21 January 2019.
- Almero Strauss returned to the position of Non-Executive Director and Chairman of the Board on 21 January 2019.

The Board has approved an executive remuneration structure that includes Short Term Cash Incentives (STI) and Long-Term Share based Incentives (LTI) for the Management team.

The structure will ensure management is rewarded to deliver increased shareholder value and create an employer brand, which organically attracts and retains executive talent, and in turn, contributes to higher levels of company performance and results.

## Outlook

Urbanise will continue to focus on delivering continued growth in its recurring revenue base, building on the success of FY19.

The company is focussed on increasing sustainable revenue, contain costs and improve working capital to **achieve positive profit and cash:**

- Growth will be delivered within the core business and markets, while we continue to develop and improve our products
- Cost and cash flow will be managed through continued cost containment and a focus on trade receivables

On behalf of the Board, I would like to thank:

- Our shareholders for their support in the future of the Group;
- Our customers for their continued loyal support;
- Our employees for their ongoing hard work and commitment; and
- My fellow Directors for their insight, guidance and valuable input.

**Almero Strauss**  
Chairman

# Chief Executive Officer's Report



## Dear Shareholder,

I am pleased to provide this Annual Report of your Company's performance in FY19. Having completed my second year at Urbanise and my first six months as the CEO, I am pleased to announce our strong financial results.

Our revenue is up 48% to \$8.1m, and costs down by 63%. This has resulted in an EBITDA improvement of 86%. We have focused on maximising cash flow, customer growth and cost management.

## Urbanise Facilities

Urbanise Facilities Management Platform is a cloud (SaaS) system that helps property owners, tenants, and facilities managers manage budgets, planned work, and reactive work, with mobile applications for trade staff and deep analytics for managers.

The Facilities cloud platform has been going from strength to strength. We are experiencing rapid customer growth across all our markets. We are quickly becoming the dominant player in the markets that we operate in and look forward to improving our position over the coming years.

The Facilities business grew 180% during the year, driven by additional contracted customers and growth in professional services fees. We had new customers signup in South Africa, the Middle East, Australia and South East Asia with some Tier 1 companies choosing our platform.

We look forward to converting our current contract revenue and achieving strong results over the coming 12 months.

## Urbanise Strata

The Urbanise strata platform is a cloud (SaaS) system that manages all aspects of strata management, from financial accounting, communication, levy generation and community engagement.

The strata cloud platform has continued to show strong growth. We grew the revenue by 14% during the year, driven by increased recurring licence revenue. The number of billable strata lots increased from ~212,000 to ~300,000 with an additional ~290,000 contracted lots to be migrated.

Once all our contracted lots are migrated, we expect to be the dominant strata cloud platform in our markets.

## The Future

We are investing in more sales and implementation staff as we work to convert our contracted backlog to active revenue contributing customers. These investments will support our objective of building a high-quality recurring revenue base.

Over the coming 12 to 18 months we will maintain our current strong market position by continuing to invest in our core products, innovate and improve our service offerings.



**Saurabh Jain**  
Chief Executive Officer

# The Urbanise Platform

An integrated platform for the strata,  
commercial and facilities management  
industries



## Community

Community portals and apps that help residents collaborate and connect



## Facilities

Track Work, Assign  
Jobs and Report  
Performance



## Utilities

Automated utilities  
management, reporting  
and billing for residential  
and commercial  
properties



## Strata

The Most  
Comprehensive  
Strata Management  
Software  
in the Cloud



## Analytics

Urbanise can offer clients a Data Warehouse-as-a-Service ("DWaaS")





## Urbanising the world

Our cloud software helps you manage strata, facilities and utilities smarter. All on one beautiful, simple platform.

Today, over 500,000 properties and locations are managed smarter and more efficiently using the Urbanise platform. Our cloud software is used to expand and enhance the range and quality of services provided to buildings and communities by connecting managers with customers and suppliers, to create more livable communities.

# Who we work with

## Strata Managers

**Strata and community management companies including property developers**

The Urbanise Strata platform is a beautiful system to use. It's super-fast and works on all devices from anywhere. It helps managers work smarter by automating tasks and providing your customers access to their property online.



## Service Providers

**Service Providers such as building managers, plumbers & electricians**

The Urbanise Facilities platform is used by large FM companies, commercial property owners, local councils and service providers to manage diverse portfolio's of residential, commercial, retail and industrial real estate assets.





Today, over 20,000 properties are managed smarter and more efficiently using the **Urbanise platform**. Our cloud software is used to expand and enhance the range and quality of services provided to buildings and communities by connecting managers with customers and suppliers, helping to create more livable communities.



## Facility Managers

**Facilities Management companies managing large workforces and 3rd party suppliers**

The Urbanise Facilities platform has been designed to automate day-to-day tasks by reducing paperwork and harnessing the power of AI and machine learning.

Our Workforce app enables FM managers to have complete visibility over their supplier network. Suppliers can also accept jobs, quote for new work and submit invoices electronically while onsite.



## Utility Providers

**Embedded network and utility operators**

The Urbanise Utilities platform is used by large Strata Managers, Property Developers, Property Managers and Metering Service Providers to manage a diverse portfolio of residential, commercial, retail and real estate assets.

# Case Study



## Modus Projects

(**Modus**) is a leading Australian construction and facilities management provider.

Trusted by clients nationwide to manage their building operations and maintenance programs, Modus has a steadfast commitment to quality.

### Modus' facilities management team provides:

- 24/7 service with immediate response, responding to emergency maintenance requests day or night; and
- Hard services (including but not limited to carpentry, painting, mechanical, minor works, electrical concreting, building and energy management).

### Challenges that led to a partnership with Urbanise

- Manually logging work requests.
- Archaic system deficient of software updates.
- No mobile application available for tradespersons
- No other lines of communication other than email and phone.
- Inability to integrate with client portals.
- Non-existent live reporting or dashboards.
- Paper based safety and client documentation.

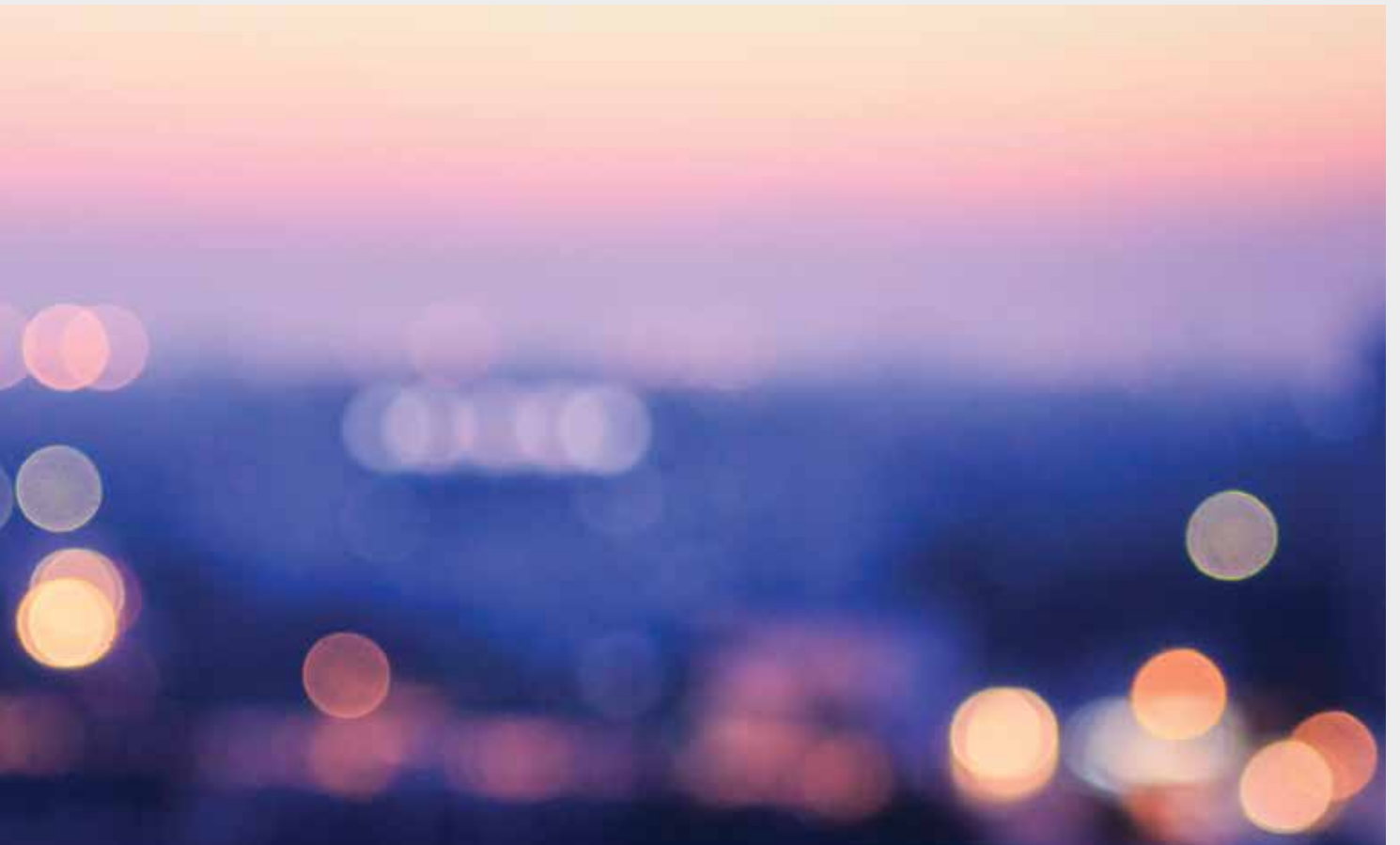
### Solution

The Urbanise Facilities platform was engaged to enable Modus to deliver advanced maintenance and asset management services across dozens of contracts, driving efficiencies and service improvements. The Urbanise Facilities platform provides:

- Asset capture, life-cycle costing, and decision support.
- Planned and reactive maintenance planning and scheduling.

- Contract management capabilities including the monitoring of Service Level Agreements and supplier management.
- Automated creation of Purchase Orders, Quotes, and Invoices.
- Mobile workforce application for scheduling, assigning, tracking and recording internal and subcontracted resources.
- Automated integration to finance system for Accounts Payable and Receivable Invoices. This feature removes double data entry, reduces errors, and shortens payment periods.
- Automated integration to customer works management and ERP systems for master data and work order information synching. This feature greatly removes double data entry and increases efficiencies.
- Automated integration to compliance system ensuring subcontractors work in accordance with safety regulations and practices.
- Real-time operational and financial reporting through embedded Power BI dashboards and reports.
- Segmentation of customer data and bespoke configurations through the Contract and Account modules.
- Pre-Integrated customer portal for logging and tracking of work requests by customers.
- Auditing and survey management for condition and risk assessments and reports.
- Automated and bulk manual imports for all master data.





### **Implementation by Urbanise**

Professional Services – Consultation and Business Transformation process included:

- Requirements gathering
- Solution design
- Processes and procedures
- Data collection and mapping
- Implementation
- Development of system capabilities
- Training
- Reporting

#### **Mapping:**

- Reactive work
- Planned Work
- Analytics
- Job scheduling - calendars
- Asset maintenance
- Surveys and asset inspections
- Data migration
- Client data Implementation

#### **Integrations:**

- MYOB online integration
- Corrigo integration
- Calmaint integration

#### **Training:**

- Office Users and Tradespersons

### **Outcomes**

Client portal integration, inclusive of auto logging has resulted in:

- Increased visibility over all facilities operations
- Reduction in inbound call times
- Reduction in paper use
- Improvement of operational productivity and time allocation
- Reduction in overhead costs of up to 20-30%
- Accessibility of work requests in the field via mobile devices.



## Case Study

### Independent

is a multidisciplinary real estate brand providing a full range of property services in Canberra and the surrounding regions, including real estate project management, sales, property management and strata management services.

Independent first opened its doors in Canberra in 1958, under the name R.O Wellsmore, today operates from 9 local offices and employs over 150 staff. The strata business manages in excess of 500 buildings throughout the region, Independent is the ACT's largest strata management company.

#### Challenges that led to a partnership with Urbanise

As strata living grows and the industry develops, Independent believes strata management will increasingly be about building client relationships, providing genuinely innovative ideas, offering true 'value add' and providing support in the development of harmonious strata communities. Independent sees technology as a key element in achieving these objectives.

Having operated through its own proprietary system for several years, Independent observed the prevalence of cloud-based technologies in other business sectors and the efficiencies that could be achieved through the adoption of a cloud-based solution.



Shifting to a cloud-based technology also aligned with Independent's group policy of having state-of-the-art technology across the business to provide improved customer service.

Independent were searching for a system that provided:

- Better internal solution for its staff.
- Highly engaging experience for its clients.
- Reduction in routine transactional work.
- Created time efficiencies to allow for a value-added personal service.

Independent's technology system requirements included:

- An efficient task management process.
- Rapid and extensive reporting.
- Provide Independent's clients with a quality user experience through a state-of-the-art community portal, ideally with access via a phone app.





### Process of Strata Software implementation

A straightforward implementation process was undertaken once Independent committed to the Urbanise Strata platform. The implementation process involved the creation of a client implementation team of staff with strata technical and sales skills, matched with Urbanise's implementation specialists. The two teams met weekly via web link for information sharing and implementation status updates.

Once system implementation came close to 'go-live', all staff members participated in a comprehensive Urbanise system training program.

### Outcomes

The Urbanise Strata platform achieved five key outcomes for Independent.

- More efficient workflows allowing each manager to manage an increased number of units and spend more time working directly with each of their clients.
- Increased client communication through the 'Community Wall' concept.
- Enhanced internal business transparency and management reporting.
- Improved staff engagement and retention - the technology creating a more fulfilling role.
- Initiated technology as a sales tool - selling system benefits to the executive committees of both current and potential new clients.

## FY19 Highlights – Financial

Urbanise achieved significant revenue growth of **48%** and delivered an **86%** improvement to EBITDA

### Total Sale Revenue

**\$8.1m**



**48%**

Driven by new contract wins

FY18: \$5.4m

### Recurring Sales Revenue\*

**\$6.0m**



**64%**

High percentage recurring revenue base

FY18: \$3.7m

### Total costs\*\*

**\$12.8m**



**63%**

Extensive expense reduction, lower depreciation/amortisation and no impairment

FY18: \$34.3m

### EBITDA after impairment\*\*\*

**\$(3.5)m**



**86%**

Significant improvement over FY18

FY18: \$(25.1)m

### Average Monthly Cash Used\*\*\*\*

**\$273k**



**66%**

Improved net working capital and cost reductions

FY18: \$810k

### Closing Cash

**\$3.7m**



**21%**

Positive net cash with no debt. Includes net proceeds from capital raised of \$3.8m

FY18: \$3.1m

\* Excluding Devices business disposed in FY18 and residual sales in FY19. Total sales from Devices business in FY19 was \$77k (FY18: \$371k)

\*\* Includes Expenses, Depreciation & Amortisation and Impairment

*** Reconciliation (\$000s)	FY18	FY19
Reported net loss after tax	(27,560)	(4,755)
Add depreciation and amortisation	2,427	1,221
<b>EBITDA loss after impairment</b>	<b>(25,133)</b>	<b>(3,534)</b>

\*\*\*\* Includes development costs and excludes cash flows from disposed Devices business



## FY19 Highlights – New Wins

Urbanise achieved **new contract wins** across core platforms with continued **regional expansion**

	Month of June 2019	Month of June 2018	Backlog as at 1 July 2019
Strata Lots billed	<b>~300<sup>k</sup></b>	<b>~212<sup>k</sup></b>	~290k migrations
Annualised Recurring Revenue*	<b>\$4.4<sup>m</sup></b>	<b>\$3.3<sup>m</sup></b>	Estimated ~\$1.6m
Facilities customers billed	<b>30</b>	<b>16</b>	7 customer implementations
Annualised Recurring Revenue*	<b>\$2.8<sup>m</sup></b>	<b>\$1.2<sup>m</sup></b>	Estimated ~\$0.5m
Total Annualised Recurring Revenue*	<b>\$7.1<sup>m</sup></b>	<b>\$4.5<sup>m</sup></b>	Estimated ~\$2.1m

\* Annualisation of June billings



# Financial Report

# Directors' Report

The Directors of Urbanise.com Limited (Urbanise) present their report together with the consolidated annual financial report of the Company for the year ended 30 June 2019 and auditor's report thereon.

## Information on Directors and Company Secretary

### Almero Strauss

#### Non-Executive Chairman

(appointed as Director on 8 February 2017, Executive Chairman on 3 April 2018, Non-Executive Chairman 21 January 2019)

Almero joined the board of Urbanise on 8 February 2017, was appointed Executive Chairman on 3 April 2018, and Non-Executive Chairman on 21 January 2019. Almero is a director and an executive member of the Mergon Group's investment team since 2008. Mergon is a private investment group that was founded in 1980. From a single, start-up business, Mergon has grown a diversified investment portfolio with significant interests in companies in the technology, commercial property, financial services, fintech, renewable energy, and logistics industries. Almero represents Mergon on the Boards of Infotech, one of South Africa's oldest technology companies, Tradeswitch (a Mobile Virtual Network Enabler), and Renewable Energy Holdings (the foremost independent hydropower developer in South Africa).

Having initially qualified and worked as an electronic engineer, Almero 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 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.

### Russell Bate OAM

#### Non-Executive Director

(appointed 26 March 2014)

With more than 45 years in the IT industry Russell has 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 multi-national Sun Microsystems. In that role he was responsible for direct sales operations in the 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. In that same year he 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 technology industry.

He is a former board member and past Chair of Musica Viva Australia, Australian Distributed Incubator, CR X Pty. Ltd. and Field and Game Australia. He was a board member of the Australian Broadcasting Corporation from 1995-2000 and the Australian Information Industry Association (AIIA) from 1997-2000.

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

### David Cronin

#### Non-Executive Director

(appointed 14 January 2019)

David has over 20 years' professional experience and more than 15 years of international experience at the Director/Chairman Board level. David is presently the Managing Director of the investment and consulting group, Pierce Group Asia, where he is responsible for its technology focused corporate development and investment activities. Prior to this role, David was an investment manager for the London/ASX listed Guinness Peat Group and Director of M&A for its technology focused subsidiary.

Prior to GPG, David started his professional career with 5 years in banking at Westpac Banking Corporation. David has been involved in various advisory, executive-level and board positions with several technology companies at various stages of development. David has previously served as both a Director and Chairman of Urbanise prior to its 2014 IPO. David is a Director and Chairman of ASX listed Ava Risk Group Limited.

# Directors' Report

## **Pierre Goosen**

### **Non-Executive Director**

(appointed 3 April 2018)

Pierre is the managing director of Argosy Capital, a European based private equity and venture capital business. Prior to joining Argosy, Pierre gained significant professional experience as a commercial, private equity and funds lawyer at pre-eminent international law firms, having negotiated a variety of significant transactions with complicated investor and shareholder dynamics. Pierre is an admitted attorney in South Africa and solicitor in England and Wales.

Pierre is based on the Isle of Man and serves as a director on several boards of private and listed companies in which Argosy is an investor.

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

## **Saurabh Jain**

### **Executive Director and Chief Executive Officer**

(appointed 21 January 2019)

Saurabh Jain is the Chief Executive Officer and Executive Director. Saurabh oversees all aspects from strategy to sales, product development and customer service.

With 20 years of experience in technology related roles, including the last 10 years in property management and services sectors, Saurabh brings to Urbanise a large depth of knowledge and connections. After more than 5 years in Sydney and New York as a solutions director for Converga, Saurabh joined Cushman and Wakefield (Cushman) in 2013. Cushman is the world's second largest property management organisation, with 45,000 employees in 52 countries. At Cushman, Saurabh held the role of Chief Information Officer, Australia and New Zealand, and later the role of Global Technology Director, Customer Portals and Analytics. More recently Saurabh headed the Solutions Centre at Ventia, Australia's largest services company.

Saurabh holds a B.E. Software Engineering from UNSW, a MBA Executive from AGSM, and a MBT from AGSM.

## **Tod McGrouther**

### **Non-Executive Director**

(appointed 16 October 2018)

Tod has a Bachelor of Law (First Class Honors) and University Medal from the University of Sydney, a Bachelor of Commerce (First Class Honors) and University Medal majoring in Accounting and Finance from the University of New South Wales and a Diploma in Applied Finance from the Securities Institute of Australia.

Tod has worked in the Australian corporate advisory industry since 1986 and has specialised in the provision of corporate advice in the areas of corporate valuation, equity capital raising both for private and public equity and investor relation advice for ASX listed companies. Tod was as Associate Director of Bankers Trust Australia between 1986 and 1994.

Between 1994 until 1998 Tod was a Director of the Corporate Finance Department of Prudential Bache Securities Limited. From 1998 until the present Tod is co-founder and Director of KTM Capital. KTM provides corporate advisory and equity capital markets services across mid-market resources, IT, financial and other services sector companies.

## **Gary Bugden OAM**

### **Non-Executive Director**

(ceased 21 November 2018)

Gary is a specialist strata titles lawyer and former partner and National Board member of international law firm, Mallesons Stephen Jaques (now King & Wood Mallesons). He has been an independent director of a number of real estate development and investment companies, including Australian subsidiaries of the Malaysian listed Selangor Properties Berhad. He served as Deputy Chancellor of Bond University for 6 years and was a member of its Audit and Risk Management Committee.

Gary successfully started up companies in Australia and overseas with strata related businesses including management, technology, development consulting and records inspection (due diligence). A number of these companies are still prominent in the strata title business landscapes. Mystrata Pty Ltd, acquired by Urbanise in 2015, was one of those companies.

# Directors' Report

## Directors interest in the shares, performance rights and options of Urbanise.com Limited

As at the date of this report, the interest of the directors in the shares, performance rights and options of the Group:

Directors	Number of fully paid ordinary shares	Number of performance rights	Number of Options
Almero Strauss	2,300,000	-	-
Russell Bate	1,793,513	750,000	-
David Cronin	32,040,580	-	-
Pierre Goosen	230,643,525	-	-
Saurabh Jain	-	4,500,000	-
Tod McGrouther	6,621,205	-	-

## 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 24 years' experience in the Banking and Finance industries and 9 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 ASX listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Urbanise Office
Almero Strauss	nil	Non-Executive Chairman
Russell Bate	nil	Non-Executive Director
David Cronin	Ava Risk Group Limited	Non-Executive Director
Pierre Goosen	nil	Non-Executive Director
Saurabh Jain	nil	Executive Director
Tod McGrouther	nil	Non-Executive Director

## Dividends

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

## Principal activities

Urbanise is a leading provider of industry specific cloud-based software platforms designed and developed for the Strata, Facilities Management and Utilities industries.

# Directors' Report

## Operating and financial review

The commentary below should be read with the consolidated financial statements and related notes in this report. Some parts of this commentary may include information regarding the plans and strategy for the business and may include forward looking statements that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied in the forward-looking statements contained in the commentary. References to FY19 are to the year ended 30 June 2019.

Some non-AASB measures have been included, as we believe they provide useful information to assist in understanding the Groups' financial performance. Non-AASB financial measures should not be viewed in isolation nor considered as substitutes for measures reported in accordance with AASB. Non-AASB financial information, while not subject to audit, has been extracted from the financial report, which has been audited by our external auditors.

The Group 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 Group continued its investment into product development, processes and systems to support customers in each geography.

The strategy continued to be successful in the Australasian, Middle Eastern and South African markets where investment was made in the improvement and localisation of Urbanise's platforms to continue support for client contracts. The Group maintained its existing footprint in Australasia, South Africa and the Middle East. The offshore software development team in Bulgaria was maintained while expanding the development capability in South Africa.

Global Headcount remained at around 65 throughout the financial year.

## Financial performance

During the 2019 financial year (FY19), Urbanise continued to deliver strong sales revenue growth of 48%, while demonstrating operational discipline in expense management.

### Sales revenue

Total sales revenue growth was up by 48%, primarily driven by growth in Licence fees and activation revenue (up \$2.2 million – 57%) and Professional services revenue (up \$0.6 million – 50%). This was offset by a reduction in hardware sales of \$0.2million following the disposal of the Devices business in FY18.

### Loss before tax

Reported expenses reduced by 63% and, excluding the impact of impairment in FY18 (\$15.2million), expenses decreased by 31%.

The reported loss before tax decreased from \$27.6 million to \$4.8 million (83% improvement).

The significant improvement of the reported net loss after tax was due to several factors including:

- the significant increase in sales revenue;
- no impairment cost in FY19; and
- discipline in containing cost.

### Cashflow

The net cash outflow from operating activities, capitalisation of development cost and spend on PPE reduced by 64% during FY19 to \$3.3m (2018: \$9.2m).

## Capital and financial structure

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 before expenses. The rights issue closed with 66,363,106 shares issued to existing shareholders and 85,303,069 to the underwriters, KTM Capital Limited.

At 30 June 2019 Urbanise had a net cash position of \$3.7 million with no external debt or borrowings.



# Directors' Report

## Business strategies and prospects

Urbanise will continue to focus on growing its recurring revenue over the next twelve months. Contracted revenue is expected to increase significantly through continued growth of the Australasian, Middle East and South African strata market, combined with market share gains in the Australian, Middle East and South African facilities management market and greater penetration of the Urbanise Analytics platform.

The Board believes that the strategic initiatives undertaken over the eighteen months position the Group well to deliver increased shareholder value over the medium to long term. Clear strategies are in place which, under the direction of sound leadership, ensure that the Group is well poised for future success.

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

- Network effect of customer sign up is being realised
- No major competitor in Strata cloud market
- Facilities platform fast becoming a market leader in APAC
- Integrated strata and facilities offering is gaining traction
- Emphasis on achieving cash and profit break-even by driving sales and cost containment
- Further improve working capital position and free up cash with emphasis on trade receivables
- Convert signed customers to live

## Leveraging Recent Successes

The contract wins in Australasia, Middle East and South Africa are examples of rollouts which will capture large sections of the residential and commercial value chains. Urbanise's delivery models are readily transferrable across the Group's current global footprint and beyond.

## Investment in Product Development

Urbanise will continue to invest in product development to enhance existing solutions, expand the number of features and 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 Australasia, Middle East and South African regions, and will continue to grow scale in these regions while some of the development functions remain in Bulgaria. Further geographic expansion will occur only after critical mass has been achieved in the current geographies.

## Significant events after the balance sheet date

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.

## Likely developments

The Group 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.

## Environmental regulations

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

As a growing technology company, the Group has low power consumption. Outside of our electricity consumption in our global offices, a significant portion of energy consumption is through the data centres of AWS, our cloud services platform provider. AWS has a long-term commitment to 100% renewable energy use for its global infrastructure, and in 2018, more than 50% of their energy usage was from renewables.

# Directors' Report

## Ordinary shares, options and performance rights shares

### Share Options

#### Unissued shares

At the date of this report, there were 5,946,250 ordinary shares under option (5,946,250 at the reporting date). Refer to the remuneration report for further details of the options and performance rights shares outstanding for Key Management Personnel (KMP).

Option holders do not have any right, by virtue of the option or performance right shares, to participate in any share issue of the Company or any related body corporate.

#### Shares issued as a result of the exercise of options

During the financial year no options or performance rights shares were exercised, and no shares issued (2018: Nil).

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 or forfeited by Directors during or since financial year end 30 June 2019.

### Performance rights

#### Unissued shares

At the date of this report, there were 27,920,000 ordinary shares under performance rights (27,920,000 at the reporting date). Refer to the remuneration report for further details of the options outstanding for Key Management Personnel (KMP).

Performance rights holders do not have any right, by virtue of the performance rights, to participate in any share issue of the Company or any related body corporate.

No shares were issued as a result of the exercise of performance rights.

### Indemnification of officers and auditors

The Group has entered into agreements to indemnify all the Directors and Officers against all liabilities to persons (other than the Group), 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 Group 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

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

### 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 and Risk Committee		Remuneration and Nomination Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Almero Strauss	9	9	-	-	-	-
Russell Bate	9	9	6	6	3	3
Gary Bugden	4	4	2	2	2	2
David Cronin	4	4	-	-	-	-
Pierre Goosen	9	7	6	4	3	2
Saurabh Jain	4	4	-	-	-	-
Tod McGrouther	4	4	4	4	1	1

# Directors' Report

## 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.

## 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.

	2019 \$	2018 \$
<b>Amounts paid and payable to EY for non-audit services</b>		
Assurance related	-	50,000
Taxation compliance	-	12,500
<b>Total non-audit services of auditors</b>	-	62,500

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 and Risk 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.

## 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

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

- Remuneration report overview
- Overview of executive remuneration
- Overview of non-executive director remuneration
- Statutory and share based reporting
- Loans to key management personnel
- Other transactions with key management personnel

## Remuneration report overview

The Directors of Urbanise.com Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2019. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements Urbanise's key management personnel (KMP):

- Non-executive directors (NEDs)
- Executive directors and senior executives (collectively the executives).

KMPs are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

**The table below outlines the KMP of the Group and their movements during FY19:**

### Non-Executive Directors

Almero Strauss	(Non-Executive Director – appointed 8 February 2017) (Executive Chairman – appointed 3 April 2018) (Non-Executive Chairman – 21 January 2019)
Russell Bate	(Non-Executive Director) – appointed 26 March 2014
Gary Bugden	(Non-Executive Director – ceased 21 November 2018)
David Cronin	(Non-Executive Director – appointed 14 January 2019)
Pierre Goosen	(Non-Executive Director – appointed 3 April 2018)
Tod McGrouther	(Non-Executive Director – appointed 16 October 2018)

### Executive Director

Saurabh Jain	(Executive Director and Chief Executive Officer – appointed 21 January 2019)
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### Executives

David Bugden	(Chief Commercial Officer – Strata) – ceased 15 February 2019
Vivienne Selzer	(Chief Financial Officer)
Heinrich Venter	(Head of Convergent Solutions – ceased 24 May 2019)
Simon Lee	(Chief Financial Officer – appointed 7 June 2019)

Saurabh Jain was the (Chief Commercial Officer – Facilities & Analytics) and was appointed as Chief Executive Officer on 21 January 2019. Vivienne Selzer departs from his role as Chief Financial Officer on 6 September 2019. Simon Lee was appointed as his replacement on 7 June 2019. There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

# Directors' Report

## Overview of executive remuneration

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 Board or the Remuneration and Nomination Committee may engage external consultants to provide independent advice where it considers it appropriate to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance Group performance through their contributions and leadership. During the year ended 30 June 2019 neither the Board nor the Committee engaged any external consultants.

Compensation levels and structures for key management of the Group 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 structure is designed to account for the capability and experience of key management and the ability of key management to control areas of their respective responsibilities.

The principles used to determine the nature and amount of remuneration are as follows:

Alignment to shareholder interests:

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

Alignment to the key management interests:

- (i) Appropriate rewards for capability and experience;
- (ii) Clear policies for earning rewards; and
- (iii) 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 Group 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, 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 Group 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.

The amount of aggregate remuneration and the way 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.

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

## Executive remuneration arrangements

For executives, the Group provides a remuneration package that incorporates both cash-based remuneration and share based remuneration. The contracts for service between the Group and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning executive and shareholder interests.

# Directors' Report

The following table outlines the summary terms of employment for the CEO and other executive KMP.

	Notice period by Executive	Notice period by Company	Termination Benefits
Saurabh Jain - CEO	3 months	3 months	Statutory benefits only
Vivienne Selzer	3 months	3 months	Statutory benefits only
Simon Lee	1 month	1 month	Statutory benefits only

## Executive remuneration policies and structures

Executives are awarded with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy. Executives receive fixed remuneration and variable remuneration consisting of short- and long-term incentive opportunities.

Executive remuneration levels are reviewed annually by the Remuneration and Nomination Committee with reference to the remuneration guiding principles and market movements. The chart below provides a summary of the structure of executive remuneration in FY19:

### Fixed remuneration

Base salary + super
---------------------

### Variable remuneration

STI Plan	LTI Plan
Cash	Performance rights (3 years)
Meeting financial (EBITDA) and personal KPI's	Meeting financial (cash flow) targets

## Elements of remuneration

### 1. Fixed remuneration

Fixed remuneration consists of base salary and superannuation and is designed to reward for:

- The scope of the executive's role
- The executive's skills, experience and qualifications
- Individual performance

It is set with reference to comparable roles in similar companies.

### 2. Variable remuneration

#### Short-Term Incentive (STI)

- The objective of the STI program is to link the achievement of personal Key Performance Indicators (KPI's) and the Group's annual operational targets with the remuneration received by the Executives charged with meeting those targets.
- The total potential STI available is set at a level that provides sufficient reward to the executive for exceeding the operational targets and at such a level that the cost to the Group is reasonable in the circumstances.
- STI rewards are assessed annually and are usually paid in cash. Actual STI payments granted to each executive depend on the extent to which specific personal Key Performance Indicators (KPI's) and annual operational targets set at the beginning of the financial year are met or exceeded.
- CEO and Executives can achieve a maximum of 50% of fixed remuneration as STI.



# Directors' Report

## Performance Criteria

- KPIs cover financial (revenue, EBITDA and working capital) and non-financial at a Group, regional and product level performance. For each KPI, a target is set. The targets are set by the Remuneration and Nomination Committee or the Executive Chairman for the year ahead.

## Long-Term Incentive (LTI)

The options and performance rights are designed to align employee remuneration with the creation of shareholder value and improving cash flows over the long-term and enable the company to recruit and retain the talented people needed to achieve the Company's business objectives.

Executives can be awarded an LTI of up to 40% of fixed remuneration in accordance with the Group's Employee Share Option Plan (ESOP). The number of performance rights granted is determined using the fair value at the date of grant, considering the terms and conditions upon which the performance rights were granted.

Executives are eligible to receive performance rights (one performance right equals one ordinary share in the company upon meeting the performance criteria). The performance rights vest over a 2 to 3-year period dependent on certain financial and market performance measures, as well as continued employment with the company unless otherwise determined by the Board.

The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation. Options and performance rights do not vest until all vesting or performance criteria set at granting have been met in accordance with the terms and conditions of the ESOP. There are no voting or dividend rights attached to the options or performance rights. Voting rights will attach to the ordinary shares when the options or performance rights have been exercised. Unvested options and performance rights cannot be transferred and will not be quoted on the ASX. All options and performance rights expire on the earlier of their expiry date or three months after termination of the employee's employment subject to Directors' discretion.

## Performance Criteria

Performance criteria include the Group achieving revenue targets, cash flow targets, other financial targets or share price levels as set by the Board. The performance criteria are set by the Remuneration and Nomination Committee or the Executive Chairman for the year ahead.

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. Cash flow targets have been met at 30 June 2019.

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. Cash flow targets have been met at 30 June 2019.

In September 2017, 7,306,250 performance share rights were issued to Urbanise employees. These performance share rights were based on share price targets being met at 30 June 2019. These shares did not vest as targets were not met. In November 2017, 9,235,000 performance share rights were issued to Urbanise employees. These performance share rights were based on revenue targets being met at 30 June 2020. The probability of vesting has been determined to be 0%.

## Dividends

Executives are not eligible to receive dividends on unvested performance rights. Executives will receive dividends on vested performance rights.

## Sign on payments

In addition to fixed remuneration, STI and LTI, the Board may determine, from time to time, to award sign on payments to new executives. The CEO has been awarded a one-off performance-based bonus up to the equivalent of \$120,000 being payable as a combination of \$60,000 in cash and up to 2,000,000 in shares. The award of the shares is subject to shareholder approval. The bonus is in recognition of achieving financial performance hurdles for the period ended 30 June 2019.

# Directors' Report

## Overview of company performance

The table below sets out information about Urbanise.com Limited's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	2019	2018	2017	2016	2015
Revenue (\$m)	<b>8.1</b>	6.5	5.1	9.8	10.2
Sales revenue (\$m)	<b>8.1</b>	5.4	4.7	8.3	9.2
Profit/(loss) after tax (\$m)	<b>(4.8)</b>	(27.6)	(36.2)	(9.2)	0.7
EBITDA (\$m)	<b>(3.5)</b>	(25.2)	(31.5)	(12.6)	2.1
Operating cash flow (\$m)	<b>(2.5)</b>	(8.0)	(8.8)	(10.3)	(5.5)
Investing cash flow (\$m)	<b>(0.7)</b>	(0.8)	(15.3)	(2.0)	(1.9)
Share price (cents)	<b>0.03</b>	0.03	0.05	0.48	1.19

## Overview of non-executive director remuneration

Urbanise.com Limited's NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity. NEDs receive fees only and do not participate in any performance-related incentive awards. NED fees reflect the demands and responsibilities of the directors.

The Remuneration Committee reviews NED remuneration annually against comparable companies. The Board may also consider advice from external advisors when undertaking the review process.

NED fees consist of base fees. The Board fees payable to NEDs for FY19 was in a range of \$36,000 to \$60,000 per year (inclusive of superannuation).

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs.

## Maximum aggregate NED fee pool

NED fees are determined within an aggregate NED fee pool limit, which is periodically approved by shareholders. The maximum aggregate amount that may be paid to NEDs for their services is \$250,000 during any financial year.

The Board will not seek an increase to the aggregate NED fee pool limit at the 2019 AGM.

# Directors' Report

## Statutory and share-based reporting

### Executive KMP remuneration for the years ended 30 June 2019 and 30 June 2018

		Salary & fees	STI	Allowances	Long service leave/Gratuity	Superannuation	Termination payment	Options and performance rights	Performance related %	Total
S Jain <sup>(i)</sup>	2019	260,144	157,561	-	-	19,214	-	128,648	51%	565,567
	2018	221,633	19,300	-	-	20,046	-	1,718	8%	262,697
D Bugden <sup>(ii)</sup>	2019	233,904	42,049	-	59,729	17,623	39,686	-	11%	392,991
	2018	287,175	22,000	13,609	12,772	9,806	-	1,796	7%	347,158
V Selzer	2019	257,569	96,666	-	-	18,841	-	68,648	37%	441,724
	2018	227,881	21,000	-	-	20,042	-	1,576	8%	270,499
H Venter <sup>(iii)</sup>	2019	242,496	-	-	-	17,391	29,477	126,001	30%	415,365
	2018	278,035	20,000	-	-	1,952	-	1,702	7%	301,689
H Arundel <sup>(iv)</sup>	2019	-	-	-	-	-	44,994	-	-	44,994
	2018	291,833	-	-	-	17,468	119,684	33,250	7%	462,235
R Cumming <sup>(v)</sup>	2019	-	-	-	-	-	-	-	-	-
	2018	209,980	-	20,826	2,820	13,452	108,874	-	-	355,952
B Churchill <sup>(vi)</sup>	2019	-	-	-	-	-	-	-	-	-
	2018	12,155	-	-	-	-	-	-	-	12,155
A Scotton <sup>(vii)</sup>	2019	-	-	-	-	-	-	-	-	-
	2018	70,040	-	-	-	-	-	-	-	70,040
S Lee <sup>(viii)</sup>	2019	13,197	-	-	-	1,254	-	-	-	14,451
	2018	-	-	-	-	-	-	-	-	-
Total executive KMP	2019	1,007,310	296,276	-	59,729	74,323	114,157	323,297		1,875,092
	2018	1,598,732	82,300	34,435	15,592	82,766	228,558	40,042		2,082,425

(i) Appointed August 2017, appointed CEO January 2019

(ii) Ceased 15 February 2019

(iii) Ceased 24 May 2019

(iv) Appointed August 2017, resigned April 2018. Options awarded as a termination payment

(v) Resigned April 2018

(vi) Resigned September 2017

(vii) Resigned April 2018

(viii) Appointed 7 June 2019

The following table outlines the proportion of maximum STI earned in relation to the FY19 financial year.

	Maximum STI opportunity (% of fixed remuneration)	% of maximum earned
S Jain <sup>(i)</sup>	50%	35%
D Bugden	50%	-
V Selzer	50%	35%
H Venter	50%	-

(i) The CEO has been awarded a one-off performance-based bonus of \$120,000 to be payable 50% in cash and 50% in shares subject to shareholder approval.

# Directors' Report

## NED remuneration for the years ended 30 June 2019 and 30 June 2018

		Directors fees	Allowances	Options and performance rights	Total
R Bate <sup>(i)</sup>	2019	36,000	-	-	36,000
	2018	15,000	-	-	15,000
G Bugden <sup>(ii)</sup>	2019	9,000	-	-	9,000
	2018	9,000	-	-	9,000
D Cronin <sup>(iii)</sup>	2019	16,500	-	-	16,500
	2018	-	-	-	-
P Goosen <sup>(iv)</sup>	2019	36,000	-	-	36,000
	2018	9,000	-	-	9,000
T McGrouther <sup>(v)</sup>	2019	42,500	-	-	42,500
	2018	-	-	-	-
A Strauss <sup>(vi)</sup>	2019	35,610	-	-	35,610
	2018	10,000	-	-	10,000
Total NED	2019	175,610	-	-	175,610
	2018	43,000	-	-	43,000

(i) Appointed March 2014

(ii) Appointed April 2018 - Resigned November 2018

(iii) Appointed January 2019

(iv) Appointed April 2018

(v) Appointed October 2018

(vi) Appointed February 2017

## Options and performance rights awarded, vested and lapsed during the year

The table below discloses the number of share options and performance rights granted, vested or lapsed during the year. Share options or performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met.

### Options

	Year	Options awarded during the year No	Award date	Fair price at award date \$	Vesting date	Exercise price	Expiry date	No. Vested during year	No. lapsed during year	\$ Value of options granted during the year	\$ Value of options exercised during the year
H Arundel	2019	1,146,552	4/9/18	\$0.028	4/9/20	\$0.001	31/12/20	-	-	33,250	-

# Directors' Report

## Performance rights

	Year	PR awarded during the year No	Award date	Fair value at award date \$	Vesting date	Exercise price	Expiry date	No. Vested during year	No. lapsed during year	\$ Value of PR granted during the year	\$ Value of PR exercised during the year
D Bugden	2019	1,500,000			31/8/19		31/8/19		1,500,000		
		1,500,000	24/10/18	\$ .027	31/8/20	\$0.00	31/8/20	-	1,500,000	121,500	-
		1,500,000			31/8/21		31/8/21		1,500,000		
S Jain	2019	1,500,000			31/8/19		31/8/19				
		1,500,000	24/10/18	\$ .027	31/8/20	\$0.00	31/8/20	-	-	121,500	-
		1,500,000			31/8/21		31/8/21				
V Selzer	2019	1,500,000			31/8/19		31/8/19				
		1,500,000	24/10/18	\$ .027	31/8/20	\$0.00	31/8/20	-	-	121,500	-
		1,500,000			31/8/21		31/8/21				
H Venter	2019	1,500,000			31/8/19		31/8/19				
		1,500,000	24/10/18	\$ .027	31/8/20	\$0.00	31/8/20	-	-	121,500	-
		1,500,000			31/8/21		31/8/21				

## Shares issued on exercise of options or performance rights

30 June 2019	No of shares issued	Paid per share cents
Nil	Nil	-

## Performance rights holdings of KMP

	Balance at 30 June 2018	Granted <sup>(i)</sup>	Forfeited/lapsed <sup>(iii)</sup>	Exercised	Balance at 30 June 2019
<b>Non-Executive Directors</b>					
R Bate	750,000	-	-	-	750,000
<b>Executives</b>					
D Bugden <sup>(ii)</sup>	1,212,500	4,500,000	(5,712,500)	-	-
S Jain	681,250	4,500,000	(681,250)	-	4,500,000
V Selzer	625,000	4,500,000	(625,000)	-	4,500,000
H Venter <sup>(iv)</sup>	675,000	4,500,000	(675,000)	-	4,500,000
<b>Total</b>	<b>3,943,750</b>	<b>18,000,000</b>	<b>(7,693,750)</b>	<b>-</b>	<b>14,250,000</b>

(i) The performance rights granted in respect of the LTI. The cash flow target for FY19 was achieved, and the performance rights will vest in 3 tranches on 31 August 2019, 31 August 2020 and 31 August 2021. There is no exercise price on these performance rights.

(ii) The performance rights lapsed on his termination.

(iii) The performance rights, granted in FY18 were forfeited in FY19 as the share price hurdle of 30 cents (based upon the volume weighted average price of shares for the last 5 days of trading prior to 30 June 2019) was not achieved.

(iv) The performance rights were retained on departing the Group at the Board's discretion.

# Directors' Report

## Shareholdings of KMP

	Balance at 1 July 2018	Initial interest	Exercise of compensation options or performance rights	Acquired	(Disposed)/ (Balance at cessation)	Balance at 30 June 2019
Non-Executive Directors	Number	Number	Number	Number		Number
R Bate	1,394,954	-	-	398,559	-	1,793,513
D Cronin <sup>(i)</sup>	-	68,484,920	-	-	(36,444,340)	32,040,580
T McGrouther <sup>(ii)</sup>	-	6,621,205	-	-	-	6,621,205
P Goosen <sup>(iii)</sup>	179,077,032	-	-	51,566,493	-	230,643,525
A Strauss	1,610,000	-	-	690,000	-	2,300,000
Executives						
D Bugden	306,640	-	-	137,612	(444,252)	-
S Jain <sup>(iv)</sup>	-	-	-	-	-	-
V Selzer	165,000	-	-	235,000		400,000
S Lee	-	-	-	-	-	-
H Venter	3,749,998	-	-	-	(3,749,998)	-
<b>Total</b>	<b>186,303,624</b>	<b>75,106,125</b>	<b>-</b>	<b>53,027,664</b>	<b>(40,638,590)</b>	<b>235,798,823</b>

(i) Shares held by Pierce ESIM Pte Limited and Pierce CIM Pte Limited. Mr Cronin is a director of Pierce Group Asia Pte Limited and its associates, including these companies.

(ii) IFM Pty Ltd as trustee for the IFM Superannuation Fund. Mr McGrouther is a director of the trustee and beneficiary to the fund.

(iii) The shares are held by Argosy Capital Limited. Mr Goosen is the managing director of Argosy.

(iv) The CEO has been awarded a one-off performance-based bonus up to the equivalent of \$120,000 of which \$60,000 will be awarded in shares, subject to shareholder approval, to be valued at market price as at approval date.

## Loans to key management personnel

There were no loans issued to or from key management personnel during financial year 2019 (2018: nil).

## Other transactions with key management personnel

There were no other transactions with key management personnel during financial year 2019 (2018: nil) other than those already stated.

*End of the audited remuneration report*



# Directors' 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 'Almero Strauss', is written over a light grey rectangular background.

**Almero Strauss**  
**Chairman**

Sydney, 22 August 2019

# Auditor's Independence Declaration



8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67  
Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

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

As lead auditor for the audit of the financial report of Urbanise.com Limited for the financial year ended 30 June 2019, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Robert Dalton  
Partner  
22 August 2019

# 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 Group's website.

Accordingly, a copy of the Group's CGS is available on the Urbanise website at [www.Urbanise.com](http://www.Urbanise.com) under the Corporate Governance section.

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Revenue and other income*</b>			
Revenue from contracts with customers	7	8,072,811	5,443,640
Other income	8	15,729	1,086,640
		<b>8,088,540</b>	6,530,280
<b>Less: expenses</b>			
Employee benefits and contractor costs	9	(8,012,276)	(10,381,449)
Depreciation and amortisation expenses	13, 14	(1,220,666)	(2,426,985)
IT Subscription and licence cost		(1,153,347)	(2,082,169)
Occupancy cost		(575,022)	(974,823)
Professional fees	9	(399,132)	(738,821)
Travel costs		(510,377)	(595,405)
Cost of implementation and materials		(124,999)	(713,976)
(Impairment)/impairment reversal of trade receivables	9	(356,289)	428,300
Advertising and Promotion costs		(152,595)	(86,562)
Finance costs	9	(27)	(1,231)
Foreign Exchange (loss)/gain		7,063	324,985
Other expenses		(345,613)	(1,231,403)
Impairment of intangible assets	9	-	(15,468,333)
Impairment of tangible assets	9	-	(142,449)
Profit/(loss) before tax		<b>(4,754,740)</b>	(27,560,041)
Income tax (expense)/benefit	10	-	-
<b>Profit/(loss) for the year</b>		<b>(4,754,740)</b>	(27,560,041)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		73,352	(399,603)
Other comprehensive income/(loss) for the year net of income tax		73,352	(399,603)
<b>Total comprehensive income/(loss) for the year</b>		<b>(4,681,388)</b>	(27,959,644)
Profit/(loss) for the year attributable to:			
Owners of the parent		(4,754,740)	(27,560,041)
		<b>(4,754,740)</b>	(27,560,041)
<i>Total comprehensive income/(loss) attributable to:</i>			
<i>Owners of the parent</i>		<b>(4,681,388)</b>	(27,959,644)
		<b>(4,681,388)</b>	(27,959,644)
<b>Loss per share</b>			
From continuing operations:			
Basic (cents per share)	28	(0.74)	(6.02)
Diluted (cents per share)	28	(0.74)	(6.02)

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

\* Refer to Note 3 for the impact of adoption of AASB15 *Revenue from Contracts with Customers*, adopting the modified retrospective method. FY18 comparatives are reported in accordance with AASB 118 *Revenue*

# Consolidated Statement of Financial Position

at 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
<b>Current assets</b>			
Cash and cash equivalents	22	3,702,341	3,072,206
Trade and other receivables	11	2,162,190	2,131,323
Other assets	12	795,547	843,741
<b>Total current assets</b>		<b>6,660,078</b>	<b>6,047,270</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	135,014	150,214
Intangible assets	14	5,444,561	5,895,978
Goodwill	15	4,786,480	4,786,480
Trade and other receivables	11	-	13,854
Other assets	12	52,000	-
<b>Total non-current assets</b>		<b>10,418,055</b>	<b>10,846,526</b>
<b>Total assets</b>		<b>17,078,133</b>	<b>16,893,796</b>
<b>Current liabilities</b>			
Trade and other payables	17	1,154,395	1,407,539
Provisions	18	599,535	684,444
Deferred revenue	7	2,435,830	1,260,007
<b>Total current liabilities</b>		<b>4,189,760</b>	<b>3,351,990</b>
<b>Non-current liabilities</b>			
Provisions	18	25,903	15,945
<b>Total non-current liabilities</b>		<b>25,903</b>	<b>15,945</b>
<b>Total liabilities</b>		<b>4,215,663</b>	<b>3,367,935</b>
<b>Net assets</b>		<b>12,862,470</b>	<b>13,525,861</b>
<b>Equity</b>			
Issued capital and contributed equity	19	97,634,813	93,821,852
<b>Employee option reserve</b>	19	<b>2,607,896</b>	<b>1,981,763</b>
Foreign currency translation reserve	19	(539,662)	(613,014)
Accumulated losses		(86,840,577)	(81,664,740)
<b>Total equity</b>		<b>12,862,470</b>	<b>13,525,861</b>

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 2019

	Notes	Issued capital and contributed equity \$	Employee share option reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2017</b>		<b>87,173,208</b>	<b>1,941,721</b>	<b>(213,411)</b>	<b>(54,104,695)</b>	<b>34,796,823</b>
Profit/(loss) for the period		-	-	-	(27,560,041)	(27,560,041)
Foreign currency reserve		-	-	(399,603)	-	(399,607)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(399,603)</b>	<b>(27,560,041)</b>	<b>(27,959,648)</b>
<b>Transactions with owners in their capacity as owners</b>						
Recognition of share-based payments		-	40,042	-	-	40,042
Cost of share issue	19	(429,110)	-	-	-	(429,110)
Rights issue	19	7,077,754	-	-	-	7,077,754
<b>Transactions with owners in their capacity as owners for the period</b>		<b>6,648,644</b>	<b>40,042</b>	<b>-</b>	<b>-</b>	<b>6,688,686</b>
<b>Balance at 30 June 2018</b>		<b>93,821,852</b>	<b>1,981,763</b>	<b>(613,014)</b>	<b>(81,664,740)</b>	<b>13,525,861</b>
<b>Balance at 1 July 2018</b>		<b>93,821,852</b>	<b>1,981,763</b>	<b>(613,014)</b>	<b>(81,664,740)</b>	<b>13,525,861</b>
Adjustment to opening balance due to AASB 15 implementation	3	-	-	-	(421,097)	(421,097)
<b>Adjusted opening balance</b>		<b>93,821,852</b>	<b>1,981,763</b>	<b>(613,018)</b>	<b>(82,085,837)</b>	<b>13,104,764</b>
Profit/(loss) for the period		-	-	-	(4,754,740)	(4,754,740)
Foreign currency reserve		-	-	73,352	-	73,352
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>73,352</b>	<b>(4,754,740)</b>	<b>(4,681,388)</b>
<b>Transactions with owners in their capacity as owners</b>						
Recognition of share-based payments		-	626,133	-	-	626,133
Cost of share issue	19	(271,321)	-	-	-	(271,321)
Rights issue	19	4,084,282	-	-	-	4,084,282
<b>Transactions with owners in their capacity as owners for the period</b>		<b>3,812,961</b>	<b>626,133</b>	<b>-</b>	<b>-</b>	<b>4,439,094</b>
<b>Balance at 30 June 2019</b>		<b>97,634,813</b>	<b>2,607,896</b>	<b>(539,662)</b>	<b>(86,840,577)</b>	<b>12,862,470</b>

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 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		9,511,493	7,958,871
Payments to suppliers and employees		(12,028,313)	(16,579,089)
Interest received		14,673	11,592
R&D Tax refund		-	549,467
Tax (paid)/received		-	61,222
Interest paid		(27)	(1,231)
Net cash used in operating activities	22	(2,502,174)	(7,999,168)
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment	13	(70,953)	-
Receipts on sale of Devices business and Intellectual Property	8	86,711	350,000
Payments for intangible assets	14	(696,367)	(1,161,688)
Net cash used in investing activities		(680,609)	(811,688)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	19	4,084,282	7,077,754
Payments for share issue costs	19	(271,364)	(429,067)
Net cash provided by financing activities		3,812,918	6,648,687
Net increase/(decrease) in cash and cash equivalents		630,135	(2,162,169)
Cash and cash equivalents at the beginning of the period	22	3,072,206	5,240,989
Effect of movement in exchange rates on cash balances		-	(6,614)
<b>Cash and cash equivalents at the end of the period</b>	22	<b>3,702,341</b>	<b>3,072,206</b>

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019

## 1. Corporate information

### General information

The consolidated financial statements of Urbanise.com Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 22 August 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 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. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

## 2. Significant accounting policies

### Basis of preparation

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars, except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The consolidated financial statements provide comparative information in respect of the previous period.

### Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### Summary of significant accounting policies

#### (a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### (b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### (c) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### (d) Revenue from contracts with customers

Year ended 30 June 2019

The Group is in the business of developing and licencing software and provide support and implementation services. Revenue from contracts with customers is recognised when control of the goods 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 generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### 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 providing access to 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.

#### (ii) 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.

Variable consideration is constrained; and 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.

### 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.

### Sale of equipment

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

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 (e.g., licence fee, activation fee). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, non-cash consideration, and consideration payable to the customer (if any).

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section i) Financial instruments – initial recognition and subsequent measurement.

#### Contract liabilities (deferred revenue)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for license 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 generally have used is one year or less.

#### Year ended 30 June 2018

Revenue is measured at the fair value of the consideration received or receivable after accounting for any trade discounts and rebates allowed.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably.

The following specific revenue criteria must be met before revenue is recognised:

#### Platform license income and activation fees

Revenue from sale of licenses is recognised on a straight-line basis over the period of the contract, from the date of contract until expiry, reflecting the period over which the services are provided.

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.

#### (e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### (f) Income tax

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### Australian Tax consolidation legislation

Urbanise.com Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2014 for Mystrata Holdings Pty Limited and 1 July 2015 for Mystrata Pty Limited.

The head entity, Urbanise.com Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Urbanise.com Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

## (g) Foreign currency

### Functional and presentation currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### Foreign subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### (h) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### (i) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 4).

The depreciation rates used for each class of assets are:

Class of assets	Useful life	Depreciation method
Other plant and equipment	1 - 5 years	Straight line
Leasehold improvements	The shorter of the useful life or the remaining term of the lease	Straight line

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included profit or loss.

### Product development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Costs capitalised include direct payroll and payroll related costs of employees' time spent on the software development projects.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

### Intellectual property

Intellectual property acquired separately is measured on initial recognition at cost. The cost of intellectual property acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intellectual property is carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intellectual property is not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### 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

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, trademarks are carried at cost and not amortised. Internally generated trademarks are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### Customer relationships

Customer relationships acquired separately is measured on initial recognition at cost. The cost of customer relationship acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, customer relationships are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated customer relationships are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### Software

Software acquired separately is measured on initial recognition at cost. The cost of software acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, software is carried at cost less any accumulated amortisation and accumulated impairment losses.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

The amortisation rates used for each class of assets are:

Class of assets	Useful life	Amortisation method
Software	1 – 5 years	Straight line
Intellectual Property	7 years	Straight line
Product Development Cost	7 years	Straight line
Trademarks	0 – 7 years	Straight line
Customer Relationships	7 years	Straight line
Goodwill	NA	Impairment tested

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

### (k) Impairment of tangible and intangible assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Property, plant and equipment Note 13
- Intangible assets Note 14

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. 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 or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their 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. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit and loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### (l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement 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 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.

Where 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.

### (m) Borrowing costs

Borrowing costs directly attributable to the acquisition or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, 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, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

For a financial asset that is a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired

### Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables including contract assets Note 11

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Based on historical experience, the Group considers a financial asset is in default when contractual payments 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 considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### (ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (o) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### (p) 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

### Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (q) 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.

#### Short term incentive 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.

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 29.

That cost is recognised in employee benefits expense (Note 9), together with a corresponding increase in equity (Employee share option reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 2. Significant accounting policies (continued)

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 28).

### (r) 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.

### (s) Earnings/loss 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.

### (t) Comparatives

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

### (u) 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.

## 3. Changes in accounting policies and disclosures

### New and amended standards and interpretations

Effective 1 July 2018, the Group applied AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 3. Changes in accounting policies and disclosures (continued)

### AASB 15 Revenue from Contracts with Customers

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 2018 has not been restated. It remains as previously reported under AASB 118 – *Revenue* 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 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be 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.

AASB 15 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 addition, the standard requires extensive disclosures.

In accordance with the new AASB 15 requirements, the impact on adoption on the consolidated statement of comprehensive income for the year ended 30 June 2018 and statement of financial position as at 30 June 2018 was as follow:

### Statement of comprehensive income

	Year ended 30 June 2019		
	AASB 15 \$	Previous AASB \$	Increase/ (decrease) \$
<b>Revenue from contracts with clients</b>			
Platform licence and activation fee	6,167,792	5,746,695	421,097
Loss for the year attributable to members	(4,754,740)	(5,175,837)	421,097
Basic and diluted EPS (cents per share)	(0.74)	(0.81)	0.07

The impact on transition at 1 July 2018 was to reduce accumulated losses by \$421,097, and an increase of deferred revenue of the same quantum.

**Adjustment** – Accounting for Regional Operator Licence (ROL) fees.

Under AASB 118, 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.

### 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.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 3. Changes in accounting policies and disclosures (continued)

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.

Trade and Other receivables, previously classified as loans and receivables are now classified and measured as financial assets at amortised cost.

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 considering 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.

## 4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### a. Going concern

The consolidated 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 2019, the Group produced a Net Loss After Tax (NLAT) of \$4,754,740. The Group has net assets of \$12,862,470 at reporting date inclusive of cash reserves of \$3,702,341 with no external debt or borrowings. In addition, current assets exceed current liabilities by \$2,476,318.

The Group has prepared a cash flow forecast based on its current level of expenditure which indicates that the Group will not require an improved cash flow position within the next 12 months to meet its forecast net outgoings.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 4. Significant accounting judgements, estimates and assumptions (continued)

Management have constructed a detailed 3-year forecast including:

- Revenue: The actual current recurring income and then added all the known and relatively certain changes and some organic growth in existing client to the current revenues, both recurring and non-recurring
- Employee cost based on current level of employees plus additional staff as identified in the budget, adjusted for annual increases (July each year)
- Other expenses based on current expense base with escalations
- Working capital changes: This include receipts from increase/decrease to debtors based on increased/decrease sales of the prior period and changes to payables.

### Result

It is forecasted that Urbanise has enough cash on hand to fund the business at the forecasted levels of revenue and cost. The forecast is dependent on:

- Forecasted sales being realised
- Cost increases must not exceed forecasted levels
- No unusual or unexpected cash outflow higher than the current levels
- Timing of cash inflows not delayed
- Achieving working capital improvements

The forecast assumes significant sales as well as revenue growth consistent with recent years and modest cost growth reflecting a relatively fixed base of operating costs. In the absence of the factors above, there is the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

Successfully executing the above strategies are material to the Group's ability to continue as a going concern. The directors are confident that they will be able to achieve the Group's projected cash flow to ensure that the Group 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 achieve 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.

### b. Revenue from 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 recognised, or
- ii. non-distinct and therefore should be combined with another good or service and recognised 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 stand-alone selling prices 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.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 4. Significant accounting judgements, estimates and assumptions (continued)

### Identifying performance obligations

The Group provides professional services that are either sold separately or bundled together with the sale of licenses to a customer. The professional services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determines that both the professional services and licenses are capable of being distinct. The fact that the Group regularly sells both professional services and licenses on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the licenses and to provide professional services are distinct within the context of the contract. The licenses and professional services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the license and professional services together in this contract do not result in any additional or combined functionality and neither the license nor the professional service modify or customise the other. In addition, the license and professional services are not highly interdependent or highly interrelated, because the Group would be able to transfer the license even if the customer declined professional services. Consequently, the Group allocates a portion of the transaction price to the licenses and the professional services based on relative stand-alone selling prices.

### Determining the timing of satisfaction of professional services

The Group determined that the input method is the best method in measuring progress of the professional services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

### c. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

### Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information, based on the economic conditions of the geography it operates in. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 11.

### d. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and dividend yield and making assumptions about them.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 4. Significant accounting judgements, estimates and assumptions (continued)

The calculation of the fair value of options and performance rights issued requires significant estimates to be made with regards to several variables such as volatility, dividend policy and the probability of options/performance rights 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 considering 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.

### e. Development costs

The Group capitalises costs for product development projects.

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. During the year the Group capitalised \$695,807 (2018: \$1,018,066) of development cost.

In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 June 2019, the carrying amount of capitalised development costs was \$2,131,118 (2018: \$1,730,123).

### f. Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of current, long service leave and Gratuity at 30 June 2019:

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

## 5. Accounting Standards issued but not yet effective

The AASB has issued several 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.

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

AASB Interpretation 23 clarifies the application of recognition and measurement requirements of AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. A full assessment is yet to be carried out.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 6. Segment information

For management purposes, the Group is organised into business units based on its 3 geographical regions as follows:

### Geographies

- APAC – Australia, New Zealand and Asia
- E/ME – Middle East and Europe
- Africa – South Africa and rest of Africa

No operating segments have been aggregated to form the above reportable operating segments. Each operating segment includes professional service and licence and activation fees.

The Executive Management is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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 geography	2019 \$	2018 \$
APAC	4,904,946	3,183,922
E/ME	2,724,643	2,295,755
Africa	443,222	504,773
<b>Total revenue of all segment</b>	<b>8,072,811</b>	<b>5,984,451</b>

### Segment results

Continuing operations	2019 \$	2018 \$
APAC	(3,280,253)	(9,821,272)
E/ME	1,559,522	1,189,591
Africa	(742,782)	(1,165,823)
<b>Total of all segments</b>	<b>(2,463,513)</b>	<b>(9,797,504)</b>
Impairment	-	(15,610,782)
Depreciation and amortisation	(1,220,665)	(2,426,985)
ROL license fee reversal	-	(540,811)
Finance cost	(27)	(1,231)
Sale of devices business an intellectual property	-	436,711
Other corporate revenue	1,056	130,566
Impairment reversal/(impairment) of trade receivables	(356,289)	428,300
Interest income	14,673	56,597
Other	(729,975)	(234,902)
<b>Profit/(loss) after tax</b>	<b>(4,754,740)</b>	<b>(27,560,041)</b>

The assets and liabilities of the Group collaboratively support the various segment revenues generated by the Group.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 6. Segment information (continued)

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 amount of external revenue derived from major customers where the revenue is greater than 10% is \$nil (2018: nil).

## 7. Revenue from contracts with customers

### Disaggregated revenue information

As previously noted, the Group adopted AASB15 using the modified retrospective method at 1 July 2018. As such revenue recognised in the year ended 30 June 2018 has not been restated.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Type of Good or service	For the year ended 30 June 2019				
	Strata	Facilities	Utilities	Other	Total
Platform licence and activation fee	4,037,020	1,953,820	116,845	60,108	6,167,793
Professional services	836,133	978,762	21,338	-	1,836,233
Hardware	-	-	42,389	26,396	68,785
<b>Total revenue from contracts with customers</b>	<b>4,873,153</b>	<b>2,932,582</b>	<b>180,572</b>	<b>86,504</b>	<b>8,072,811</b>

Geographical markets	For the year ended 30 June 2019				
	Strata	Facilities	Utilities	Other	Total
APAC	2,968,627	1,913,587	-	22,732	4,904,946
E/ME	1,726,630	943,791	-	54,222	2,724,643
Africa	177,896	75,204	180,572	9,550	443,222
<b>Total revenue from contracts with customers</b>	<b>4,873,153</b>	<b>2,932,582</b>	<b>180,572</b>	<b>86,504</b>	<b>8,072,811</b>

Timing of revenue recognition	For the year ended 30 June 2019				
	Strata	Facilities	Utilities	Other	Total
Goods transferred at a point in time	-	-	42,389	26,396	68,785
Services transferred over time	4,873,153	2,932,582	138,183	60,108	8,004,026
<b>Total revenue from contracts with customers</b>	<b>4,873,153</b>	<b>2,932,582</b>	<b>180,572</b>	<b>86,504</b>	<b>8,072,811</b>

Type of Good or service	For the year ended 30 June 2018				
	Strata	Facilities	Utilities	Other	Total
Platform licence and activation fee	3,452,200	693,790	140,961	211,712	4,498,663
Professional services	821,874	354,000	18,379	29,663	1,223,916
ROL reversal <sup>(i)</sup>	(540,811)	-	-	-	(540,811)
Hardware	-	-	76,543	185,329	261,872
<b>Total revenue</b>	<b>3,733,263</b>	<b>1,047,790</b>	<b>235,883</b>	<b>426,704</b>	<b>5,443,640</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 7. Revenue from contracts with customers (continued)

Geographical markets	For the year ended 30 June 2018				
	Strata	Facilities	Utilities	Other	Total
APAC	2,339,586	661,276	-	183,060	3,183,922
E/ME	1,710,713	368,382	-	216,661	2,295,756
Africa	223,775	18,132	235,883	26,983	504,773
ROL Reversal <sup>(i)</sup>	(540,811)	-	-	-	(540,811)
<b>Total revenue</b>	<b>3,733,263</b>	<b>1,047,790</b>	<b>235,883</b>	<b>426,704</b>	<b>5,443,640</b>

Timing of revenue recognition	For the year ended 30 June 2018				
	Strata	Facilities	Utilities	Other	Total
Goods transferred at a point in time	-	-	76,543	185,329	261,872
Services transferred over time	3,733,263	1,047,790	159,340	241,375	5,181,768
<b>Total revenue</b>	<b>3,733,263</b>	<b>1,047,790</b>	<b>235,883</b>	<b>426,704</b>	<b>5,443,640</b>

(i) Regional operator licence recognised in 2016 reversed in 2018 due to contractual changes.

### Contract balances

	For the year ended 30 June 2019				
	Strata	Facilities	Utilities	Other	Total
Trade receivables	750,836	1,306,938	21,350	5,662	2,084,786
Contract assets	156,937	-	-	-	156,937
Deferred revenue	1,522,304	913,526	-	-	2,435,830

	For the year ended 30 June 2018				
	Strata	Facilities	Utilities	Other	Total
Trade receivables	914,330	1,077,355	11,911	183,709	2,187,305
Contract assets	-	-	-	-	-
Deferred revenue	986,720	273,287	-	-	1,260,007

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2019, \$243,179 (2018: \$263,270) was recognised as provision for expected credit losses on trade receivables and contract assets.

Deferred revenue includes license revenue received in advance as well as transaction price allocated to professional services not yet completed. The remaining consideration under contracts is variable and is constrained.

In 2019, deferred revenue has increased by \$1,175,823 as new clients have been signed across both Strata and Facilities platforms and are currently being implemented. It also includes growth in licence revenue received in advance from existing clients.

Set out below is the amount of revenue recognised from:

	2019	2018
Amount included in deferred revenue at the beginning of the year	1,260,007	1,013,594

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	2019	2018
Within one year	2,435,830	1,260,007
More than one year	-	-

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 8. Other Income

The following is an analysis of the Group's other income

	2019 \$	2018 \$
<b>Other income</b>		
Interest income	14,673	56,597
Profit on sale of device business and intellectual property	-	436,711
Research and development income	-	462,765
Other	1,056	130,567
<b>Total other income</b>	<b>15,729</b>	<b>1,086,640</b>

## 9. Expenses

	2019 \$	2018 \$
<b>Employee benefits expense</b>		
Share-based payments	626,133	40,042
Contractors	346,047	360,364
Other employee benefits	7,040,096	9,981,043
<b>Total employee benefits expense</b>	<b>8,012,276</b>	<b>10,381,449</b>
<b>Finance costs</b>		
Interest expense	27	1,231
<b>Total finance costs</b>	<b>27</b>	<b>1,231</b>
<b>Impairment</b>		
Impairment of intangible assets	-	15,468,333
Impairment of tangible assets	-	142,449
Impairment/(impairment reversal) of trade receivables <sup>(i)</sup>	356,289	(428,300)
Impairment of inventory	1,535	957,321
<b>Total significant items</b>	<b>357,824</b>	<b>16,139,803</b>

(i) following an assessment of the carrying value of trade receivables, impairment was provided for.

	2019 \$	2018 \$
<b>Professional fees</b>		
Accounting, audit and tax	244,377	295,274
Legal fees	35,973	51,750
Listed company compliance	115,328	149,379
Consultants	3,454	242,417
<b>Total professional fees expense</b>	<b>399,132</b>	<b>738,820</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 10. Income taxes

	2019 \$	2018 \$
<b>(a) Components of tax expense</b>		
Current tax	-	-
Deferred tax	-	-
Derecognition of temporary differences	-	-
Under/(over) provision in prior years	-	-
<b>Total tax (benefit)/expense</b>	-	-
<b>(b) Prima facie tax payable</b>		
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	<b>(4,754,740)</b>	(27,560,041)
Income tax expense/(benefit) calculated at 27.5% (2018: 27.5%)	<b>(1,307,554)</b>	(7,579,011)
Add tax effect of:		
Foreign entity tax losses not brought to account	-	781,144
Non-deductible items	<b>381,769</b>	3,816,850
Gain on IOT business	-	(119,821)
R&D eligible expenditure	-	(5,416)
Other non-deductible expenditure	-	24,948
Non-recognition of deferred tax assets on current year losses	<b>1,147,159</b>	3,081,306
Effect of foreign tax rates	<b>(221,375)</b>	-
<b>Income tax expense/(benefit) attributable to profit</b>	-	-
<b>(c) Current tax</b>		
Current tax relates to the following:		
Opening balance	-	(61,222)
Under/(over) provision in prior years	-	-
Tax payments/proceeds	-	61,222
<b>Current tax receivable</b>	-	-
<b>(d) Deferred income tax (revenue)/expense included in income tax expense comprises</b>		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
	-	-
<b>(e) Deferred income tax related to items charged or credited directly to equity</b>		
Decrease/(increase) in deferred tax assets	-	-
	-	-
<b>(f) Deferred tax assets not brought to account</b>		
Foreign entity tax losses	<b>1,569,088</b>	1,654,298
Operating tax losses	<b>15,500,192</b>	11,073,738
Temporary differences - Australia	<b>1,737,573</b>	2,024,325
	<b>18,806,853</b>	14,752,361



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 10. Income taxes (continued)

Management assessed deferred tax assets and liabilities for the reporting period 30 June 2019 and their recoverability based on the forecasted taxable profit over five years. Management deemed it appropriate not to recognise deferred tax assets and liabilities due to uncertainty on whether those assets and liabilities would be utilised against future profits generated in Australia and South Africa. Tax losses carried forward from 30 June 2019 along with tax losses incurred for the period ended 30 June 2019 have not been recognised. Deferred tax assets from temporary differences have been recognised and offset against deferred tax liabilities from temporary differences resulting in \$nil net deferred tax asset or deferred tax liability being recognised (2018: \$nil)

Management will assess this position at each reporting period. Deferred tax assets have been recognized only to the extent to offset deferred tax liabilities.

### Tax consolidation

Urbanise.com Limited and its 100% owned Australian resident subsidiaries 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.

## 11. Trade receivables, other receivables and contract assets

	2019 \$	2018 \$
<b>Current</b>		
Trade receivables	2,084,786	2,038,249
Contract assets	156,937	-
Allowance for expected credit losses	(243,179)	(128,068)
Other receivables	163,646	221,142
Total current trade and other receivables	2,162,190	2,131,323
<b>Non-current</b>		
Trade receivables non-current	-	149,056
Allowance for expected credit losses	-	(135,202)
Total non-current trade and other receivables	-	13,854
<b>Age of receivables</b>		
Current	714,772	1,075,493
31-60 days	174,546	235,422
61-90 days	425,041	184,080
90+ days	770,427	692,310
<b>Total age of receivables</b>	2,084,786	2,187,509

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days. The maximum credit risk exposure is the carrying amount net of impairment.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 11. Trade receivables, other receivables and contract assets (continued)

### Contract assets

As at 30 June 2019, the Group has contract assets of \$ 156,937 (2018: \$ Nil) which is net of an allowance for expected credit losses which are immaterial (2018: immaterial).

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	2019 \$	2018 \$
<b>Current</b>		
As at 1 July	128,068	3,362,173
Amounts written off	(150)	(2,848,522)
Charge/(reversal) for the year	115,261	(385,583)
<b>Closing balance at 30 June</b>	<b>243,179</b>	<b>128,068</b>
<b>Non-current</b>		
Opening balance at 1 July	135,202	2,203,212
Amounts written off	(135,202)	(2,041,343)
Charge/(reversal) for the year	-	(26,667)
As at 30 June	-	135,202

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

## 12. Other assets

	2019 \$	2018 \$
Prepayments	133,095	151,770
Deposits	662,452	691,971
<b>Total other current assets</b>	<b>795,547</b>	<b>843,741</b>
<b>Other Non-Current assets</b>	<b>52,000</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 13. Property, plant and equipment

	Other plant and equipment \$	Leasehold improve- ments \$	Total \$
<b>At cost</b>			
At 1 July 2017	313,500	234,423	547,923
Disposals	(3,008)	(135,745)	(138,753)
<b>At 30 June 2018</b>	<b>310,492</b>	<b>98,678</b>	<b>409,170</b>
Additions	70,953	–	70,953
Disposals	(31,535)	–	(31,535)
<b>At 30 June 2019</b>	<b>349,910</b>	<b>98,678</b>	<b>448,588</b>
<b>Depreciation and impairment</b>			
At 1 July 2017	(3,247)	84,207	80,960
Depreciation charge for the year	105,242	31,870	137,112
Impairment	89,979	52,470	142,449
Disposals	–	(101,565)	(101,565)
<b>At 30 June 2018</b>	<b>191,974</b>	<b>66,982</b>	<b>258,956</b>
Depreciation charge for the year	58,729	13,646	72,375
Disposals	(17,757)	–	(17,757)
<b>At 30 June 2019</b>	<b>232,946</b>	<b>80,628</b>	<b>313,574</b>
<b>Net book value</b>			
At 30 June 2018	118,518	31,696	150,214
<b>At 30 June 2019</b>	<b>116,964</b>	<b>18,050</b>	<b>135,014</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 14. Intangible assets

	Intellectual property \$	Development cost \$	Trademarks \$	Customer relationship \$	Software \$	Total \$
<b>At cost</b>						
At 1 July 2017	20,999,130	7,768,242	853,807	220,000	-	29,841,179
Additions	-	1,018,066	-	-	143,622	1,161,688
Transfer between classes	207,760	(207,760)	-	-	-	-
Disposals	(3,335,626)	(310,181)	(63,807)	-	-	(3,709,614)
Exchange differences	141,995	(42,152)	-	-	-	99,843
<b>At 30 June 2018</b>	<b>18,013,259</b>	<b>8,226,215</b>	<b>790,000</b>	<b>220,000</b>	<b>143,622</b>	<b>27,393,096</b>
Additions	-	695,807	-	-	560	696,367
Disposals	-	-	-	-	-	-
<b>At 30 June 2019</b>	<b>18,013,259</b>	<b>8,922,022</b>	<b>790,000</b>	<b>220,000</b>	<b>144,182</b>	<b>28,089,463</b>
<b>Amortisation and impairment</b>						
At 1 July 2017	8,114,048	6,772,263	41,063	45,833	-	14,973,207
Amortisation charge for the year	2,084,214	158,267	-	35,424	19,295	2,297,200
Impairment	7,535,902	132,431	-	-	68,148	7,736,481
Transfer between classes	241,130	(263,874)	22,744	-	-	-
Disposals	(3,335,626)	(310,181)	(63,807)	-	-	(3,709,614)
Exchange differences	192,659	7,186	-	-	-	199,845
<b>At 30 June 2018</b>	<b>14,832,327</b>	<b>6,496,092</b>	<b>-</b>	<b>81,257</b>	<b>87,443</b>	<b>21,497,119</b>
Amortisation charge for the year	793,600	295,320	-	35,424	23,947	1,148,291
Exchange differences	-	(508)	-	-	-	(508)
<b>At 30 June 2019</b>	<b>15,625,927</b>	<b>6,790,904</b>	<b>-</b>	<b>116,681</b>	<b>111,390</b>	<b>22,644,902</b>
<b>Net book value</b>						
At 30 June 2018	3,180,932	1,730,123	790,000	138,743	56,179	5,895,977
<b>At 30 June 2019</b>	<b>2,387,332</b>	<b>2,131,118</b>	<b>790,000</b>	<b>103,319</b>	<b>32,792</b>	<b>5,444,561</b>

## 15. Goodwill

	2019 \$	2018 \$
<b>Gross carrying amount</b>		
Balance at 1 July	15,304,268	15,216,795
Effect of foreign currency exchange differences	-	87,473
<b>Balance at 30 June</b>	<b>15,304,268</b>	<b>15,304,268</b>
<b>Accumulated impairment</b>		
Balance at 1 July	(10,517,788)	(2,785,936)
Impairment	-	(7,731,852)
<b>Balance at 30 June</b>	<b>(10,517,788)</b>	<b>(10,517,788)</b>
<b>Net book value</b>		
<b>Balance at 30 June</b>	<b>4,786,480</b>	<b>4,786,480</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 16. Carrying value of non-financial assets

For impairment testing, goodwill acquired through business combinations and intangible assets are allocated to the Strata, Facilities and Utilities CGUs.

Carrying amount of goodwill and intangible assets allocated to each of the CGUs:

	Strata		Facilities		Utilities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Goodwill	<b>4,786,480</b>	4,786,480	-	-	-	-	<b>4,786,480</b>	4,786,480
Intellectual property	<b>2,387,332</b>	3,180,932	-	-	-	-	<b>2,387,332</b>	3,180,932
Development cost	<b>2,131,118</b>	1,730,123	-	-	-	-	<b>2,131,118</b>	1,730,123
Trademarks	<b>790,000</b>	790,000	-	-	-	-	<b>790,000</b>	790,000
Customer relationships	<b>103,319</b>	138,743	-	-	-	-	<b>103,319</b>	138,743
<b>Total</b>	<b>10,198,249</b>	10,626,278	-	-	-	-	<b>10,198,249</b>	10,626,278

The Group performed its annual impairment test in June 2019 and 2018 to support the carrying value of goodwill, intangible assets and property, plant and equipment. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2019, the market capitalisation of the Group was above the book value of its equity, the Group continue to be loss making and have cash outflows, indicating a potential impairment of goodwill and impairment of 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 the board for the first year and management projections covering a further four years. Management's determination of cash flow projections is based on past performance and its expectation for the future performance.

Key assumptions used in value in use calculations and to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Future cash flows
- Discount rates
- Revenue growth
- Expenses

*Future cash flows* - VIU calculations, inclusive of working capital movements and forecast capital expenditure based on financial projections approved by the Board for 1 year and a further 4 years forecasted by management, extended to utilise tax losses generated in the forecast period, then reverting to a terminal value.

*Discount rates* - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

*Revenue growth* - Forecast revenue growth based on Board approved budget for year one and management projections for a further 4 years, and an assessed conversion of known revenue opportunities for the business. Years 6 onwards assume modest growth (in line with the long-term growth rate used in the terminal value) is achieved within existing business markets and geographies.

*Expenses* - Forecast growth based on Board approved budget for year one and management projections for a further 4 years, and an assessed cost growth for the business. Years 6 onwards assume modest growth (in line with the long-term growth rate used in the terminal value) within existing business markets and geographies.

The carrying value of Goodwill and other intangible assets relate to the Strata CGU only. The allocation of goodwill is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 16. Carrying value of non-financial assets (continued)

### Cash generating unit with significant goodwill - Strata

For the Strata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 17% (FY18: 24%) for year one, 31%(FY18: 34%) in year two, 20%(FY18: 24%) in year three, 15%(FY18: 12%) in year four, 14%(FY18: 13%) in year five and a terminal growth rate of 3%(FY18: 3%) and a pre-tax discount rate of 15.2% (FY18: 16.5%) to determine value in use. The growth is largely driven by recent contract wins and the commencement of PICA migration. Management have assessed that there is no impairment to the Strata CGU based on the value in use calculations.

To illustrate the sensitivity to future cash flows, if key assumptions differed such that expected future cash flows decreased by 38% (FY18 22%) across the forecast period, without implementing mitigation plans, recoverable amount would be equal to the carrying value.

### Cash generating units - Facilities and Utilities

Management have assessed that the intangible assets in respect of the Facilities and Utilities CGU's remain fully impaired at 30 June 2019 based on the value in use calculations.

## 17. Trade and other payables

	2019 \$	2018 \$
Trade payables	155,492	247,065
Accrued expenses	633,056	732,366
Other payables	365,847	428,108
<b>Total trade and other payables</b>	<b>1,154,395</b>	<b>1,407,539</b>

## 18. Provisions

	2019 \$	2018 \$
Current		
Employee leave <sup>(i)</sup>	520,678	579,459
Gratuity provision <sup>(ii)</sup>	78,857	104,985
<b>Total current provisions</b>	<b>599,535</b>	<b>684,444</b>
Non-current		
Employee leave <sup>(i)</sup>	25,903	15,945
<b>Total non-current provisions</b>	<b>25,903</b>	<b>15,945</b>

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

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 19. Issued capital and reserves

			2019 \$	2018 \$
Issued capital and contributed equity				
682,497,724 (2018: 530,831,549) Fully paid ordinary shares			97,634,813	93,821,852
	No.	2019 \$	No.	2018 \$
Ordinary shares				
Opening balance	530,831,549	93,821,852	353,887,699	87,173,208
Rights issue <sup>(i &amp; ii)</sup>	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.

(ii) On 28 November 2017 Urbanise completed a fully underwritten rights issue of 176,943,850 shares at an issue price of 4 cents per share, raising funds of \$7,077,754. The rights issue closed with 103,715,686 shares issued to existing shareholders and 73,228,164 to the underwriters, Argosy Capital Limited and KTM Capital Limited. Argosy Capital Limited increased their shareholding to 33.74% following the rights issue.

### 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 2018 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.

### Reserves

#### Foreign currency translation reserve

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 other comprehensive income and accumulated in the foreign currency translation reserve.

#### Share-based payment reserve

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 20. Commitments

The Group has entered into the following property leases arrangements each of which are the contractual non-cancellable lease period, excluding any potential extension options:

- i. A 5 year lease for office space in Melbourne, which terminates on 21 May 2020;
- ii. A 1 year lease for office space in Dubai, which terminates on 1 January 2020;
- iii. A 3 year lease for office space in Brisbane, which terminates on 15 April 2022;
- iv. A 5 year lease for office space in Sydney, which terminates on 30 November 2022; and
- v. A 1 year lease for office space for Mystrata Middle East FZ LLC in Dubai, which terminates on 4 January 2020. There are no contingent rents.

The following obligations relating to the leases are not provided for in the financial report, and are payable, which exclude optional extension periods:

	2019 \$	2018 \$
Not longer than 1 year	274,923	333,760
Longer than 1 year and not longer than 5 years	243,158	389,675
<b>Balance at end of year</b>	<b>518,081</b>	<b>723,435</b>

## 21. 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	
		2019 %	2018 %
<b>Parent entity</b>			
Urbanise.com Limited	Australia		
<b>Subsidiaries</b>			
Urbanise.com (SEA) Pte Limited	Singapore	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 Limited (Branch)	United Arab Emirates	100	100
Urbanise com (Pty) Limited	South Africa	100	100

During FY2018, Urbanise.com (MENA) Pty Limited, a dormant company, was deregistered effective 27 December 2017. Urbanise DWC LLC was converted to Urbanise.com Limited (Branch), a branch of the Company, effective 11 November 2017.

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



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 22. Cash flows from operations reconciliation

Cash and cash equivalents	2019 \$	2018 \$
Cash at bank	3,702,341	3,072,098
Cash on hand	-	108
<b>Total cash and cash equivalents</b>	<b>3,702,341</b>	<b>3,072,206</b>

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash flow information	2019 \$	2018 \$
<b>Profit/(Loss) for the year:</b>	<b>(4,754,740)</b>	<b>(27,560,041)</b>
<b>Non-cash items:</b>		
Depreciation and amortisation	1,220,666	2,426,985
Share based payments	626,133	40,042
Unrealised foreign exchange	73,827	(378,127)
Movements in reserves	73,352	(399,603)
(Profit)/loss on disposal of fixed assets	-	(374,578)
Impairment of intangible assets	-	15,468,333
Impairment of inventory	1,535	996,830
Impairment of PPE	-	142,449
Impairment/(impairment reversal) of trade debtors	356,289	(428,300)
Other	(978,144)	(103,215)
<b>Changes in net assets and liabilities:</b>		
Decrease/(increase) in trade and other receivables	(17,013)	1,025,674
Decrease/(increase) in inventory	-	1,038,547
Decrease/(increase) in other assets	48,194	621,989
Increase/(decrease) in trade and other payables	(253,144)	(226,893)
Increase/(decrease) in employee provisions	(74,951)	(597,895)
Increase/(decrease) in tax payable	-	62,222
Increase (decrease) in deferred income	1,175,823	246,413
<b>Net cash used in operating activities</b>	<b>(2,502,174)</b>	<b>(7,999,168)</b>

### Non-cash financing and investing activities

There were no significant non-cash financing and investing transactions during financial year 30 June 2019 (2018: \$Nil).

## 23. Financial risk management

The Group's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to facilitate the Group's operations.

The Group's principal financial assets comprise of trade and other receivables, cash and short-term deposits. The main purpose of these financial liabilities is to facilitate the Group's operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks supported by the boards Audit and Risk Committee. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 23. Financial risk management (continued)

The Group holds the following financial instruments:

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash and cash equivalents	3,702,341	3,072,206
Trade and other receivables (excl contract assets)	2,005,253	2,131,323
Deposits	714,452	691,971
	<b>6,422,046</b>	<b>5,895,500</b>
<b>Financial liabilities</b>		
Trade and other payables	1,154,395	1,407,539
	<b>1,154,395</b>	<b>1,407,539</b>

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Market risk

Market 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). Market risk comprises three types of risk: interest rate risk, currency risk and price risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Urbanise is not exposed to material price risk.

### 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.

### Interest rate risk sensitivity analysis

At reporting date, there were no borrowings in relation to bank facilities. A 100-basis points change (a reasonably possible change) on the interest rates would result in an increase/decrease to the Group's net profit by approximately \$37,023 based on the cash held at the end of the year (2018: \$30,722).

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's investments in foreign subsidiaries.

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), 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	
	2019 \$	2018 \$	2019 \$	2018 \$
USD (Australian dollars equivalent)	-	(7,225)	451,641	867,796
GBP (Australian dollars equivalent)	-	(29,853)	-	78,740
EUR (Australian dollars equivalent)	-	-	123,750	118,072
SGD (Australian dollars equivalent)	-	-	6,988	-
ZAR (Australian dollars equivalent)	(764)	-	-	-

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 23. Financial risk management (continued)

Based on the financial instruments held at 30 June 2019 the Group's post tax profit and equity would have been \$82,495 higher/lower (2018: \$125,706 higher/lower) with a 10% increase/decrease (a reasonable possible change) in the Australian dollar against other foreign currencies.

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

### Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties 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 and trade receivables

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Credit risk for cash deposits is managed by holding all cash deposits with major banks.

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 9. 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 for 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 management's expectation for settlement of undiscounted maturities.

	< 1 Year \$	1 - 5 years \$	Total contractual cash flows \$	Carrying amount \$
<b>2019</b>				
Payables	(1,154,395)	-	(1,154,395)	(1,154,395)
	<b>(1,154,395)</b>	<b>-</b>	<b>(1,154,395)</b>	<b>(1,154,395)</b>
	< 1 Year \$	1 - 5 years \$	Total contractual cash flows \$	Carrying amount \$
<b>2018</b>				
Payables	(1,407,539)	-	(1,407,539)	(1,407,539)
	<b>(1,407,539)</b>	<b>-</b>	<b>(1,407,539)</b>	<b>(1,407,539)</b>

### 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.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 24. 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 2019 and 30 June 2018, 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 2019.

## 25. Key management personnel compensation

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

	2019 \$	2018 \$
Short-term employee benefits	1,479,196	1,758,467
Long-term employee benefits	59,729	15,592
Termination payments	114,157	228,558
Post-employment benefits - superannuation	74,324	82,766
Share-based payments	323,297	40,042
<b>Total key management personnel compensation</b>	<b>2,050,703</b>	<b>2,125,425</b>

## 26. Related party transactions

Transactions with key management personnel

### (i) Key management personnel compensation

Details of key management personnel compensation is disclosed in Note 25.

### (ii) Loans to key management personnel

There were no loans to key management personnel during the financial year.(FY18 nil)

### (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 Group, have been eliminated on consolidation and are not disclosed in this note.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 27. Remuneration of auditors

	2019 \$	2018 \$
Auditor of the parent entity		
Audit and review of the financial report	215,000	222,100
Non-audit services:		
- Assurance related	-	50,000
- Taxation compliance	-	12,500
<b>Total remuneration of auditors</b>	<b>215,000</b>	<b>284,600</b>

## 28. Loss per share

	2019	2018
Basic earnings loss cent per share <sup>(i)</sup>	(0.74)	(6.02)
Diluted earnings loss cent per share <sup>(ii)</sup>	(0.74)	(6.02)

### (i) Basic and diluted loss per share

Net loss from operations	(4,754,740)	(27,560,041)
--------------------------	-------------	--------------

	2019 Number	2018 Number
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share		
Potentially dilutive instruments in the future:	639,283,252	457,630,119
Share performance rights	27,920,000	5,946,250
Share options	7,235,457	15,371,405

### (ii) Diluted earnings/(loss) per share

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.

## 29. Share-based payments

Employee share option and performance rights share plan

Share options and share performance rights 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 staff (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.

### Share based expenses recognised

The expense recognised for share-based payments during the year is shown in the table below:

	2019 \$	2018 \$
Total expenses resulting from share-based payments	626,133	40,042
	<b>626,133</b>	<b>40,042</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 29. Share-based payments (continued)

### Options and performance share rights movements

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

#### Performance share rights

	2019 No.	2018 No.
Opening balance	5,946,250	-
Performance share rights issued	30,000,000	16,541,250
Performance share rights forfeited	(8,026,250)	(10,595,000)
<b>Closing balance</b>	<b>27,920,000</b>	<b>5,946,250</b>

#### Performance share rights

Financial Year 2019

Grant Date	Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Forfeited during year	Expired during year	Balance at end of year	Balance vested at end of year
29/09/17	30/6/19	\$0.00	1,346,875	-	-	(356,250)	(990,625)	-	-
29/09/17	30/6/19	\$0.00	1,346,875	-	-	(356,250)	(990,625)	-	-
29/09/17	30/6/20	\$0.00	834,158	-	-	(277,497)		556,661	-
21/11/17	30/6/20	\$0.00	250,000	-	-	-		250,000	-
29/09/17	30/6/20	\$0.00	834,167	-	-	(277,499)		556,668	-
21/11/17	30/6/20	\$0.00	250,000	-	-	-		250,000	-
29/09/17	30/6/20	\$0.00	834,175	-	-	(277,504)		556,671	-
21/11/17	30/6/20	\$0.00	250,000	-	-	-		250,000	-
24/10/18 i	31/8/19	\$0.00	-	6,000,000	-	(1,500,000)		4,500,000	-
24/10/18 i	31/8/20	\$0.00	-	6,000,000	-	(1,500,000)		4,500,000	-
24/10/18 i	31/8/21	\$0.00	-	6,000,000	-	(1,500,000)		4,500,000	-
21/11/18 ii	31/8/19	\$0.00	-	4,000,000	-	-		4,000,000	-
21/11/18 ii	31/8/20	\$0.00	-	4,000,000	-	-		4,000,000	-
21/11/18 ii	31/8/21	\$0.00	-	4,000,000	-	-		4,000,000	-
<b>Total</b>			<b>5,946,250</b>	<b>30,000,000</b>		<b>(6,045,000)</b>	<b>(1,981,250)</b>	<b>27,920,000</b>	<b>-</b>

- 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. Targets were met but subject to ongoing service conditions.
- 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. Targets were met but subject to ongoing service conditions.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 29. Share-based payments (continued)

Financial Year 2018

Grant Date	Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Expired/ forfeited during year	Balance at end of year	Balance vested at end of year
29/09/17	(i)a	30/6/19	\$0.00	-	1,684,375	-	(337,500)	1,346,875
21/11/17	(i)a	30/6/19	\$0.00	-	1,867,500	-	(1,867,500)	-
29/09/17	(i)b	30/6/19	\$0.00	-	1,684,375	-	(337,500)	1,346,875
21/11/17	(i)b	30/6/19	\$0.00	-	1,867,500	-	(1,867,500)	-
29/09/17	(ii)a	30/6/20	\$0.00	-	1,312,486	-	(478,328)	834,158
21/11/17	(ii)a	30/6/20	\$0.00	-	1,833,332	-	(1,583,332)	250,000
29/09/17	(ii)b	30/6/20	\$0.00	-	1,312,504	-	(478,337)	834,167
21/11/17	(ii)b	30/6/20	\$0.00	-	1,833,334	-	(1,583,334)	250,000
29/09/17	(ii)c	30/6/20	\$0.00	-	1,312,510	-	(478,335)	834,175
21/11/17	(ii)c	30/6/20	\$0.00	-	1,833,334	-	(1,583,334)	250,000
<b>Total</b>			<b>-</b>	<b>16,541,250</b>	<b>-</b>	<b>(10,595,000)</b>	<b>5,946,250</b>	<b>-</b>

On 21 November 2017, a resolution was passed at the Annual General Meeting to issue 16,541,250 performance share rights to Urbanise employees and Directors. There is no issue or exercise price on these performance rights.

(i) Vesting condition: Share price

- Tranche 1 - The Share Price of the Company's shares is to be greater than 20 cents per share (based upon the Volume Weighted Average Price of shares for the last 5 days of trading prior to 30 June 2018).
- Tranche 2 - The Share Price of the Company's shares is to be greater than 30 cents per share (based upon the Volume Weighted Average Price of shares for the last 5 days of trading prior to 30 June 2019).

*In the event that the performance criteria applicable to tranche 1 performance rights are not met, the tranche may vest subject to achievement of the tranche 2 performance criteria. In June 2018 and June 2019 vesting conditions were not met.*

(ii) Vesting condition: Revenue

- Tranche 1 - Reported revenue of greater than AUD12 million in the financial year ending 30 June 2018.
- Tranche 2 - Reported revenue of greater than AUD15 million in the financial year ending 30 June 2019.
- Tranche 3 - Reported revenue of greater than AUD17 million in the financial year ending 30 June 2020.

*In the event that the performance criteria applicable to tranche 1 and tranche 2 Performance Rights are not achieved, the tranches may vest subject to achievement of the tranche 2 or tranche 3 performance criteria. In June 2018 and June 2019 vesting conditions were not met.*

## Fair value of Performance share rights at grant date

Financial Year 2019

Grant Date	Fair value of performance shares at grant date	No. of performance shares granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
24/10/18	\$0.028	6,000,000	31/08/19	\$0.028	85%	0%	1.95%
24/10/18	\$0.028	6,000,000	31/08/20	\$0.028	85%	0%	1.95%
24/10/18	\$0.028	6,000,000	31/08/21	\$0.028	85%	0%	1.95%
21/11/18	\$0.046	4,000,000	31/08/19	\$0.046	85%	0%	1.95%
21/11/18	\$0.046	4,000,000	31/08/20	\$0.046	85%	0%	1.95%
21/11/18	\$0.046	4,000,000	31/08/21	\$0.046	85%	0%	1.95%

(i) Expected volatility was determined based on historical volatility over the expected life of the shares.

(ii) No share options were excisable at 30 June 2019.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 29. Share-based payments (continued)

Financial Year 2018							
Grant Date	Fair value of performance shares at grant date	No. of performance shares granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
29/09/2017	\$0.0078	1,684,375	30/06/2018	\$0.05	80%	0%	1.95%
29/09/2017	\$0.0069	1,684,375	30/06/2019	\$0.05	80%	0%	1.95%
29/09/2017	\$0.0078	1,312,486	30/06/2018	\$0.05	80%	0%	1.95%
29/09/2017	\$0.0069	1,312,504	30/06/2019	\$0.05	80%	0%	1.95%
29/09/2017	\$0.0078	1,312,510	30/06/2020	\$0.05	80%	0%	1.95%
21/11/2017	\$0.0062	1,867,500	30/06/2018	\$0.04	80%	0%	1.77%
21/11/2017	\$0.0056	1,867,500	30/06/2019	\$0.04	80%	0%	1.77%
21/11/2017	\$0.0078	1,833,332	30/06/2020	\$0.04	80%	0%	1.77%
21/11/2017	\$0.0078	1,833,334	30/06/2020	\$0.04	80%	0%	1.77%
21/11/2017	\$0.0078	1,833,334	30/06/2020	\$0.04	80%	0%	1.77%

(i) Expected volatility was determined based on historical volatility over the expected life of the shares.

### Share Options

	2019 No.	2018 No.
Opening balance	15,371,405	22,488,905
Options granted	1,146,552	550,000
Options expired/forfeited	(9,282,500)	(7,667,500)
<b>Closing balance</b>	<b>7,235,457</b>	<b>15,371,405</b>

Financial Year 2019									
Grant Date	Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Expired/forfeited during year	Balance at end of year	Balance vested at end of year	
11/12/13	ii	31/12/18	\$0.20	2,000,000	-	-	(2,000,000)	-	-
11/12/13	ii	31/12/18	\$0.24	2,000,000	-	-	(2,000,000)	-	-
11/12/13	ii	31/12/18	\$0.30	2,000,000	-	-	(2,000,000)	-	-
6/06/14	iii	6/06/19	\$0.20	3,000,000	-	-	(3,000,000)	-	-
4/08/14		4/08/19	\$0.20	400,000	-	-	-	400,000	400,000
7/08/14		31/08/19	\$0.19	5,426,405	-	-	-	5,426,405	5,426,405
10/12/14		17/12/19	\$0.65	100,000	-	-	-	100,000	100,000
1/05/15	ii	31/12/18	\$1.00	200,000	-	-	(200,000)	-	-
15/12/15	iii	15/12/20	\$0.69	145,000	-	-	(82,500)	62,500	62,500
29/04/16		28/04/21	\$0.40	100,000	-	-	-	100,000	100,000
4/9/18	i	31/12/20	\$0.001	-	1,146,552	-	-	1,146,552	1,146,552
<b>Total</b>			<b>15,371,405</b>	<b>1,146,552</b>	<b>-</b>	<b>(9,282,500)</b>	<b>7,235,457</b>	<b>7,235,457</b>	

- On 4 September 2018, 1,146,552 share options were granted to Henry Arundel as a termination settlement with exercise prices of \$0.001 vesting on 4 September 2020 and expiring on 31 December 2020.
- 6,200,000 share options expired during the year.
- 3,082,500 share options were forfeited during the year following employee departures.
- No share options were exercisable at 30 June 2019.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 29. Share-based payments (continued)

Financial Year 2018									
Grant Date	Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Expired/ forfeited during year	Balance at end of year	Balance vested at end of year	
9/08/12	(ii)	9/08/17	\$0.20	2,000,000	-	-	(2,000,000)	-	-
5/10/12	(ii)	9/08/17	\$0.20	1,400,000	-	-	(1,400,000)	-	-
30/06/13	(ii)	30/06/18	\$0.20	3,000,000	-	-	(3,000,000)	-	-
11/12/13		31/12/18	\$0.20	2,000,000	-	-	-	2,000,000	2,000,000
11/12/13		31/12/18	\$0.24	2,000,000	-	-	-	2,000,000	2,000,000
11/12/13		31/12/18	\$0.30	2,000,000	-	-	-	2,000,000	2,000,000
6/06/14		6/06/19	\$0.20	3,000,000	-	-	-	3,000,000	2,300,000
4/08/14		4/08/19	\$0.20	400,000	-	-	-	400,000	400,000
7/08/14		31/08/19	\$0.19	5,426,405	-	-	-	5,426,405	5,426,405
10/12/14		17/12/19	\$0.65	100,000	-	-	-	100,000	100,000
22/04/15	(ii)	6/02/23	\$0.75	100,000	-	-	(100,000)	-	-
4/05/15	(ii)	15/11/22	\$0.75	100,000	-	-	(100,000)	-	-
1/05/15		31/12/18	\$1.00	200,000	-	-	-	200,000	200,000
15/12/15	(iii)	15/12/20	\$0.69	162,500	-	-	(17,500)	145,000	48,333
29/04/16		28/04/21	\$0.40	100,000	-	-	-	100,000	100,000
1/12/16	(iv)	30/11/17	\$0.47	500,000	-	-	(500,000)	-	-
21/11/17	(i)	23/11/20	\$0.18	-	250,000	-	(250,000)	-	-
21/11/17	(i)	23/11/20	\$0.23	-	300,000	-	(300,000)	-	-
<b>Total</b>			<b>22,448,905</b>	<b>550,000</b>	<b>-</b>	<b>(7,667,500)</b>	<b>15,371,405</b>	<b>14,574,738</b>	

(i) On 21 November 2017, a resolution was passed at the Annual General Meeting to issue 550,000 share options to Anthony Scotton with exercise prices of \$0.175 on 250,000 options and \$0.225 on the remaining 300,000 options. These options were forfeited due to resignation.

(ii) 6,600,000 share options expired during the year 30 June 2018.

(iii) 17,500 share options were forfeited during the year ended 30 June 2018 following employee departures.

(iv) 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. The options lapsed on 23 November 2017.

(v) No share options were exercisable at 30 June 2018.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 29. Share-based payments (continued)

### Fair value of share options at grant date

Financial Year 2019								
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	Exercise Price
04/09/2018	\$0.027	1,146,552	31/12/2020	\$0.028	85%	0%	1.98%	\$0.001

Expected volatility was determined based on historical volatility over the expected life of the share options

Financial Year 2018								
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	Exercise Price
21/11/2017	\$0.0058	300,000	23/11/2020	\$0.04	80%	0%	1.77%	\$0.175
21/11/2017	\$0.0073	250,000	23/11/2020	\$0.04	80%	0%	1.77%	\$0.225

No share options were exercised during the year ended 30 June 2019 (2018: Nil). The weighted average remaining contractual life for share options outstanding at the end of the period was 1.1 years

Expected volatility was determined based on historical volatility over the expected life of the share options

## 30. Subsequent events

Other than noted below and 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.

## 31. 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;
- Mystrata Pty Limited; and
- Mystrata Holdings Pty Limited
- Urbanise.com (SEA) Pte. Limited

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 31. Deed of cross guarantee (continued)

Urbanise.com Limited, Mystrata Pty Limited, Urbanise.com (SEA) Pte. 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 2019 is set out below.

### Closed group consolidated statement of comprehensive income for the year ended 30 June 2019

	2019 \$	2018 \$
<b>Revenue and other income</b>		
Sales revenue	5,172,549	2,983,334
Other income	15,723	1,086,308
	<b>5,188,272</b>	<b>4,069,642</b>
<b>Less: expenses</b>		
Impairment of PPE/intangible assets	-	(11,179,597)
Impairment of trade receivables	(183,478)	382,116
Employee and contractor cost	(7,310,235)	(8,676,033)
Depreciation and amortisation expenses	(380,079)	(1,899,427)
IT subscription and licence cost	(1,038,310)	(1,942,877)
Occupancy cost	(471,930)	(934,310)
Cost of implementation and materials	2,090	(545,862)
Professional fees	(386,388)	(651,360)
Travel cost	(332,696)	(484,218)
Advertising and Promotion Expenses	(139,503)	(65,177)
Finance costs	-	-
Foreign Exchange (loss)/gain	(27,612)	(75,265)
Impairment provision	-	(2,730,231)
Other expenses	(857,888)	(3,595,212)
Profit/(loss) before tax	(5,937,759)	(28,327,811)
Income tax expense	-	-
<b>Profit/(loss) for the year</b>	<b>(5,937,759)</b>	<b>(28,327,811)</b>
Other comprehensive income for the year net of income tax		-
<b>Total comprehensive income/(loss) for the year</b>	<b>(5,937,759)</b>	<b>(28,327,811)</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2019 (continued)

## 31. Deed of cross guarantee (continued)

Closed group consolidated statement of financial position as at 30 June 2019

	2019 \$	2018 \$
<b>Current assets</b>		
Cash and cash equivalents	2,955,498	2,253,444
Trade and other receivables	1,147,324	1,272,193
Other assets	2,508,090	1,014,556
<b>Total current assets</b>	<b>6,610,912</b>	<b>4,540,193</b>
<b>Non-current assets</b>		
Property, plant and equipment	115,887	127,363
Intangible assets	5,444,562	5,895,978
Goodwill	4,786,480	4,786,480
Other non-current assets	52,000	-
<b>Total non-current assets</b>	<b>10,398,929</b>	<b>10,809,821</b>
<b>Total assets</b>	<b>17,009,841</b>	<b>15,350,014</b>
<b>Current liabilities</b>		
Trade and other payables	1,213,338	1,226,223
Provisions	451,736	502,041
Deferred Revenue	1,990,206	1,020,081
Other liabilities	3,756,306	1,391,754
<b>Total current liabilities</b>	<b>7,411,586</b>	<b>4,140,099</b>
<b>Non-current liabilities</b>		
Provisions	25,903	15,945
<b>Total non-current liabilities</b>	<b>25,903</b>	<b>15,945</b>
<b>Total liabilities</b>	<b>7,437,489</b>	<b>4,156,044</b>
<b>Net assets</b>	<b>9,572,352</b>	<b>11,193,970</b>
<b>Equity</b>		
Issued capital and contributed equity	99,040,000	95,226,934
Employee option reserve	2,547,896	1,981,763
Foreign currency translation reserve	(225,143)	(162,085)
Accumulated losses	(91,790,400)	(85,852,642)
<b>Total equity</b>	<b>9,572,353</b>	<b>11,193,970</b>

### 32. 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 except for investments in subsidiaries recognised at cost. 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 31 for detailed disclosure.

#### Summarised statement of financial position as at 30 June 2019

	2019 \$	2018 \$
<b>Assets</b>		
Total current assets	4,119,027	4,448,595
Total non-current assets	4,477,941	5,867,961
<b>Total assets</b>	<b>8,596,968</b>	<b>10,316,556</b>
<b>Liabilities</b>		
Total current liabilities	3,568,622	1,582,623
Total non-current liabilities	25,903	10,716
<b>Total liabilities</b>	<b>3,594,525</b>	<b>1,593,339</b>
<b>Net assets</b>	<b>5,002,443</b>	<b>8,723,217</b>
<b>Equity</b>		
Issued capital and contributed equity	97,634,813	93,821,852
Employee option reserve	2,547,896	1,981,763
Accumulated losses	(95,180,267)	(87,080,400)
<b>Total equity</b>	<b>5,002,443</b>	<b>8,773,217</b>
	2019 \$	2018 \$
Profit/(loss) for the year	(8,099,867)	(31,358,563)
Other comprehensive income		-
<b>Total comprehensive income/(loss)</b>	<b>(8,099,867)</b>	<b>(31,358,563)</b>

# Directors' Declaration

for the year ended 30 June 2019

## In the Directors opinion:

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 15 to 83 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 2019.

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 31 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*.

On behalf of the Directors,



**Almero Strauss**  
Chairman

Sydney, 22 August 2019

# Independent Auditor's Report

to the members



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## 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 subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 4a in the financial report which indicates the Group incurred an operating loss of \$4,754,740 for the year and had cash reserves of \$3,702,341 at 30 June 2019. These conditions 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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# Independent Auditor's Report

to the members (continued)



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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Carrying value of intangible assets (including goodwill) and property, plant and equipment

### Why significant

As required by Australian Accounting Standards - AASB 136 *Impairment of Assets*, the Group annually tests the amount of goodwill for impairment and tests other non-current assets where indicators of impairment exist using a discounted cash flow ("DCF") impairment model to estimate recoverable value.

As at 30 June 2019, the Group held \$4,786,480 in goodwill and \$5,444,561 of intangible assets, recording no impairment after completing its impairment testing.

The Group's disclosures are included in Note 16 of the financial report which specifically explain the key assumptions used and sensitivity of changes in the key assumptions which could give rise to impairment of the intangible assets (including goodwill) in the future.

This was a key audit matter because the impairment assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions and the achievement of forecast cash flow and growth assumptions.

### How our audit addressed the key audit matter

The audit procedures we performed included evaluating the Group's assessment of impairment indicators, and evaluation of the assumptions and methodologies used by the Group in the DCF impairment model, in particular those relating to key assumptions set out in Note 16 of the financial report. Our valuation specialists were involved in these audit procedures.

In respect of the Group's DCF impairment model and forecasts, our audit procedures included the following:

- Agreed the underlying cash flow projections to the Board approved forecasts;
- Tested the mathematical accuracy of the model;
- Assessed key assumptions such as forecast revenue growth and gross margins;
- Assessed the Group's current year actual results in comparison to forecasts to assess forecast accuracy;
- Assessed the Group's assumptions for growth rates in comparison to economic and industry forecasts;
- Considered capital expenditure forecasts;
- Assessed discount rates through comparing the cost of capital for the Group with comparable businesses; and
- Considered the EBITDA multiples against comparable companies as a valuation cross check.

We performed sensitivity analysis in respect of the assumptions noted above, to ascertain the extent of changes in those assumptions which either individually or collectively would be required for the intangible assets (including goodwill) to be impaired. We assessed the likelihood of these changes in assumptions arising.

We assessed the adequacy of the Group's disclosures of those assumptions to which the outcome of the impairment test is most sensitive,



# Independent Auditor's Report

to the members (continued)



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## Why significant

## How our audit addressed the key audit matter

that is, those that have the most significant effect on the determination of the recoverable amount of intangible assets (including goodwill).

## 2. Revenue recognition

### Why significant

Revenue recognition was considered a key audit matter due to the inherent complexity of a Software as a Service ("SaaS") business, where the terms and conditions contained in individual customer agreements are important to determine the timing of revenue recognition.

Further, in the Group's industry a variety of customer contracts and revenue arrangements may be entered into that require careful consideration and judgement to determine when revenue should be recognised.

There is a risk that revenue could be recorded in the incorrect year or misstated due to the judgmental nature of revenue recognition for contracts containing multiple services.

The Group adopted AASB 15 *Revenue from contracts with customers* ("AASB 15") effective 1 July 2018.

### How our audit addressed the key audit matter

We assessed the appropriateness of the Group's revenue recognition accounting policies and assessed compliance with the Group's accounting policies and Australian Accounting Standards.

We evaluated management's assessment of customer contracts in relation to the transition to AASB 15.

We used data analysis techniques, such as correlation analysis, to assess the recognition of revenue during the year.

We tested whether revenue had been correctly recorded during the period for a sample of revenue transactions, considering the terms of the underlying customer contract.

We also tested a sample of transactions, both prior to and subsequent to the balance sheet date, to assess whether revenue was recognised in the appropriate period.

We analysed credit notes issued to customers subsequent to year end and considered whether these related to sales recognised in the financial year ended 30 June 2019.

We also assessed the Group's adequacy of disclosures in regards to revenue in Note 3 of the financial report.

# Independent Auditor's Report

to the members (continued)



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## Information Other than the Financial Statements and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information 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 on the other information obtained prior to the date of this auditor's report, 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.

## 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.

# Independent Auditor's Report

to the members (continued)



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- 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 to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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.

## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Urbanise.com Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

# Independent Auditor's Report

to the members (continued)



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## 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.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young', is written above the company name.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Robert Dalton', is written above the name.

Robert Dalton  
Partner  
Melbourne  
22 August 2019

# Shareholder Information

The shareholder information set out below was applicable as at 27 September 2019.

## A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

### Class of equity security

#### Ordinary shares

	Holders	Shares
1 - 1,000	3,647	2,228,289
1,001 - 5,000	7,214	19,908,700
5,001 - 10,000	2,431	18,227,364
10,001 - 100,000	1,958	45,484,790
100,001 and over	74	50,040,621
<b>Total</b>	<b>15,324</b>	<b>135,889,764</b>

There were 806 holders of less than a marketable parcel of ordinary shares.

## B. Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Units	% of issued capital
1. Ankla Pty Ltd	12,711,134	9.35
2. HSBC Custody Nominees (Australia) Limited	8,624,836	6.35
3. Citicorp Nominees Pty Limited	5,607,534	4.13
4. JP Morgan Nominees Australia Limited	2,849,084	2.10
5. Poltick Pty Ltd	1,538,684	1.13
6. Brispot Nominees Pty Ltd (House Head Nominee A/C)	1,051,542	0.77
7. Rollee Pty Ltd	977,839	0.72
8. Mr Frederick Benjamin Warmbrand (FB & LJ Warmbrand Super A/C)	945,591	0.70
9. BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	860,809	0.63
10. Sunstar Australia Pty Ltd	731,777	0.54
11. Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	720,000	0.53
12. BNP Paribas Noms Pty Ltd (DRP)	668,597	0.49
13. Skylevi Pty Ltd (Superfun Super Fund A/C)	589,756	0.43
14. Garrett Smythe Limited	583,509	0.43
15. Kemp SMSF Pty Ltd (Kemp Super Fund A/C)	560,423	0.41
16. Nowcastle Pty Ltd	466,245	0.34
17. BNP Paribas Nominees Pty Ltd (IB AU Noms Retail Client DRP)	418,598	0.31
18. Britetek Pty Ltd (The D'Adamo Super Fund A/C)	404,548	0.30
19. Kreskin Pty Ltd (KD Superannuation Fund A/C)	394,607	0.29
20. Mizi Superannuation Pty Ltd (Mizi Super Fund A/C)	343,561	0.25
<b>Total</b>	<b>41,048,674</b>	<b>30.21</b>

# Shareholder Information

(continued)

## B. Equity security holders (continued)

### Unquoted equity securities

Details of these Performance Rights are set out at Note 29 of the financial statements.

Effective Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Vested during the year	Lapsed during the year	Balance at end of the year	Vested and issuable at end of the year
			Number	Number	Number	Number	Number	Number
<b>Company - 2019</b>								
1 July 2014	30 September 2019	Nil	556,010	-	-	556,010	-	-
1 July 2015	30 September 2018	Nil	380,452	-	-	380,452	-	-
1 July 2018	30 September 2019	Nil	-	3,621,810	-	361,153	3,260,657	-
<b>Total</b>			<b>936,462</b>	<b>3,621,810</b>	<b>-</b>	<b>1,297,615</b>	<b>3,260,657</b>	<b>-</b>

### Restricted securities

All issued shares in Collection House Limited are quoted on the ASX and there are no shares subject to escrow or other regulated restrictions.

## C. Substantial holders

Substantial shareholders of ordinary shares in the Company are set out below:

Holder	Units	% of issued capital
1. Ankla Pty Ltd, Poltick Pty Ltd, Newcastle Pty Ltd, Skylevi Pty Ltd (Superfun Superfund), Sunstar Australia Pty Ltd, and Simone Mizikovsky Family Maintenance Trust (combined shareholdings)	16,047,596	11.81
2. HSBC Custody Nominees (Australia) Limited	8,624,836	6.35

## D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

### (a) Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### (b) Performance rights

No voting rights.

# Corporate Directory

## Company Directors

Russell Bate  
David Cronin  
Pierre Goosen  
Saurabh Jain  
Tod McGrouther  
Almero Strauss

## Company Secretary

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

## Principal Registered Office

Suite 103, Level 1  
201 Miller Street  
North Sydney NSW 2060

## Postal address

Suite 103, Level 1  
201 Miller Street  
North Sydney NSW 2060

## ASX Code

UBN

## Share Registry

**Boardroom Smart Business Solutions**  
Level 12, 225 George Street  
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

**Ernst & Young**  
Level 23, 8 Exhibition Street  
Melbourne VIC 3000

[www.urbanise.com](http://www.urbanise.com)



**Principal Registered Office**

Suite 3, Level 1, 201 Miller St  
Sydney NSW 2060

[www.urbanise.com](http://www.urbanise.com)