



# Interim Financial Report

For the half-year ended 31 December 2017

## **CORPORATE INFORMATION**

### **Company Secretary**

Kim Clark  
Boardroom Pty Limited  
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Brisbane QLD 4000

### **Principal Registered Office**

Level 3  
385 - 389 Little Lonsdale Street  
Melbourne VIC 3000

### **Postal address**

Level 3  
385 - 389 Little Lonsdale Street  
Melbourne VIC 3000

### **ASX Code**

UBN

### **Share Registry**

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

### **Solicitors**

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

### **Bankers**

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

### **Auditors**

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

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

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**For the half-year ended 31 December 2017****Previous corresponding periods: Half-year ended 31 December 2016****Financial year ended 30 June 2017****Results for announcement to the market**

	Half-Year Ended		Up/ Down	% Movement
	31 Dec 2017	31 Dec 2016		
	\$A'000's	\$A'000's		
Revenue from ordinary activities	2,813	2,229	Up	+26%
Loss from ordinary activities after tax attributable to owners of the parent	(13,781)	(4,619)	Down	-198%
Loss for the period attributable to members	(13,781)	(4,619)	Down	-198%

**Net tangible asset backing**

	31 Dec 2017	31 Dec 2016
Net tangible assets per ordinary security	1.57 cents per share	6.75 cents per share

**Dividends**

There have been no dividends declared for the half-year ended 31 December 2017 (30 June 2017: nil). There are no dividend or distribution reinvestment plans in operation.

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

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

**Details of associates and joint venture entities**

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

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

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

Signed



**Russell William Bate**

Non-Executive Director

Melbourne, 21 February 2018

The Directors present their report together with the condensed financial report of Urbanise.com Limited (Urbanise) and controlled entities for the half-year ended 31 December 2017 and independent review report thereon. This financial report has been prepared in accordance with AASB134 'Interim Financial Reporting'.

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

<b>Name</b>	<b>Office</b>
Anthony Scotton	Chairman
Henry Arundel	Executive Director (appointed 7 September 2017)
Benjamin Churchill	Non-Executive Director (resigned 7 September 2017)
Robert Cumming	Chief Product Officer
Russell William Bate	Non-Executive Director
David Bruce Burlington	Non-Executive Director (resigned 23 January 2018)
Almero Strauss	Non-Executive Director (appointed 8 February 2017)

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated. Henry Arundel commenced as Chief Executive Officer on 21 August 2017, replacing Anthony Scotton who retains his position as Chairman.

## Review of operations

During the half-year ended 31 December 2017, Urbanise reported total sales revenue of \$2.8 million, (2016: \$2.2 million), an increase of 26%. For the six months ended 31 December 2017, Urbanise generated a Net Loss After Tax (NLAT) of \$13.8 million, (2016: Net Loss After Tax (NLAT) \$4.6 million) and an operating EBITDA loss of \$12.6 million (2016: EBITDA loss \$5.1 million). Net loss before non-cash impairment was \$5.8 million (2016: \$5.8m). The results include a non-cash impairment of \$7.9 million mainly on goodwill. This is largely due to lower revenue forecast on the Wattkeeper and Intelligen products. This is due to the lower uptake and sales than previously forecasted for these products.

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

Urbanise has continued to make progress in the promotion and sales of the platform and its constituent parts. Success with Similan in South Africa for both Wattkeeper and the Asset Management platform indicate demand for the broader service offering. New contracts have been signed with three accounts for Ventia, they being Auckland Council, Frankston City Council and Powercor. Additional contracts have been won with Fresh Start in Australia, Adnoc in Dubai and a number of Strata clients totalling over 32,000 lots including Crockers in New Zealand, being the largest strata manager in the country.

The Board and Management continues with the review of cost reduction measures while ensuring to safeguard the development needed to keep Urbanise established as a market leader in the cloud-based Services and Strata industries. This review is broad and includes an assessment of all options and opportunities to improve shareholder value. Future operating expenditure incurred will be reviewed over the next 6 months as development completes on the platform and sales activity is increased.

## Significant changes in state of affairs

There have been no significant changes in the group's state of affairs during the half-year ended 31 December 2017.

## Dividends paid or recommended

In respect of the half-year ended 31 December 2017, there have been no dividends paid or provided for.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under *section 307c of the Corporations Act 2001* in relation to the review for the half-year is provided within this report.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'R. Bate', with a horizontal line underneath.

**Russell William Bate**  
Non-Executive Director  
21 February 2018



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

As lead auditor for the review of Urbanise.com Limited for the half year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Robert Dalton  
Partner  
21 February 2018

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	Note	Half-year ended	
		2017	2016
		\$	\$
<b>Revenue and other income</b>			
Sales revenue	3	2,812,689	2,229,346
Other income	3	195,050	431,335
		3,007,739	2,660,681
<b>Less: expenses</b>			
Cost of implementation and materials		(502,115)	(1,529,793)
Depreciation and amortisation expenses		(1,207,994)	(989,242)
Employee benefits and contractor costs		(5,159,843)	(3,973,372)
Occupancy costs		(500,525)	(399,034)
Finance costs		(1,229)	27
Foreign Exchange (loss)/gain		(43,282)	8,696
Travel costs		(298,306)	(282,172)
Professional fees		(348,980)	(456,872)
Advertising and Promotion Expenses		(42,111)	(46,160)
IT costs		(1,078,926)	(622,226)
Impairment of intangible assets	5	(7,800,000)	-
Impairment of tangible assets		(142,449)	-
Other expenses		337,485	(200,991)
		(13,780,536)	(5,830,458)
Loss before tax		(13,780,536)	(5,830,458)
Income tax (expense)/benefit		-	1,211,528
<b>Loss for the period</b>		<b>(13,780,536)</b>	<b>(4,618,930)</b>
Other comprehensive income, net of income tax			
<b>Items to be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		161,992	12,456
Other comprehensive income for the period net of income tax		161,992	12,456
<b>Total comprehensive loss for the period</b>		<b>(13,618,544)</b>	<b>(4,606,474)</b>
Loss for the period attributable to:			
Owners of the parent		(13,780,536)	(4,618,930)
		(13,780,536)	(4,618,930)
Total comprehensive loss attributable to:			
Owners of the parent		(13,618,544)	(4,606,474)
		(13,618,544)	(4,606,474)
<b>Loss per share</b>			
From continuing operations:			
Basic (cents per share)		(0.04)	(0.02)
Diluted (cents per share)		(0.04)	(0.02)

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



	Notes	31 Dec 2017 \$	30 Jun 2017 \$
<b>Current assets</b>			
Cash and cash equivalents		6,441,807	5,240,989
Trade and other receivables	4	2,616,915	2,695,831
Other assets		1,537,747	1,465,730
Current tax receivable		73,007	61,222
Inventory		998,969	1,038,547
<b>Total current assets</b>		<b>11,668,445</b>	<b>10,502,319</b>
<b>Non-current assets</b>			
Property, plant and equipment		186,311	466,963
Intangible assets	5	14,676,904	14,867,972
Goodwill	5	4,786,480	12,430,859
Trade and other receivables -non-current	4	128,160	475,020
<b>Total non-current assets</b>		<b>19,777,855</b>	<b>28,240,814</b>
<b>Total assets</b>		<b>31,446,300</b>	<b>38,743,133</b>
<b>Current liabilities</b>			
Trade and other payables		1,497,960	1,634,432
Provisions		901,574	1,270,329
Deferred revenue		1,190,919	1,013,594
<b>Total current liabilities</b>		<b>3,590,453</b>	<b>3,918,355</b>
<b>Non-current liabilities</b>			
Provisions		12,040	27,955
<b>Total non-current liabilities</b>		<b>12,040</b>	<b>27,955</b>
<b>Total liabilities</b>		<b>3,602,493</b>	<b>3,946,310</b>
<b>Net assets</b>		<b>27,843,807</b>	<b>34,796,823</b>
<b>Equity</b>			
Issued capital and contributed equity	6	93,821,852	87,173,208
Employee option reserve		1,958,605	1,941,721
Foreign currency translation reserve		(51,419)	(213,411)
Accumulated losses		(67,885,231)	(54,104,695)
<b>Total equity</b>		<b>27,843,807</b>	<b>34,796,823</b>

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

	Issued capital and contributed equity	Employee share option reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>65,668,289</b>	<b>1,906,837</b>	<b>(85,619)</b>	<b>(17,966,628)</b>	<b>49,522,879</b>
Profit/(loss) for the period	-	-	-	(4,618,930)	(4,618,930)
Foreign currency reserve	-	-	12,456	-	12,456
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>12,456</b>	<b>(4,618,930)</b>	<b>(4,606,474)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share-based expense	-	1,463	-	-	1,463
<b>Balance at 31 December 2016</b>	<b>65,668,289</b>	<b>1,908,300</b>	<b>(73,163)</b>	<b>(22,585,558)</b>	<b>44,917,868</b>
<b>Balance at 1 July 2017</b>					
<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	-	-	-	(13,780,536)	(13,780,536)
Foreign currency reserve	-	-	161,992	-	161,992
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>161,992</b>	<b>(13,780,536)</b>	<b>(13,618,544)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share-based expense	-	16,884	-	-	16,884
Rights issue (note 6)	7,077,754	-	-	-	7,077,754
Cost of rights issue	(429,110)	-	-	-	(429,110)
<b>Balance at 31 December 2017</b>	<b>93,821,852</b>	<b>1,958,605</b>	<b>(51,419)</b>	<b>(67,885,231)</b>	<b>27,843,807</b>

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

	Half-year ended	
	2017	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	2,891,533	4,728,355
Payments to suppliers and employees	(8,049,125)	(8,080,182)
Interest received	10,714	13,227
R&D Tax refund	549,467	75,610
Tax paid	(11,785)	(30,612)
Interest paid	(1,229)	-
Net cash used in operating activities	(4,610,425)	(3,293,602)
<b>Cash flows from investing activities</b>		
Payments for property, plant & equipment	(33,375)	(332,729)
Payments for intangible assets	(797,412)	(795,865)
Net cash used in investing activities	(830,787)	(1,128,594)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	7,077,754	-
Payments for share issue costs	(429,110)	-
Net cash provided by financing activities	6,648,644	-
Net increase/(decrease) in cash and cash equivalents	1,207,432	(5,066,980)
Cash and cash equivalents at the beginning of the period	5,240,989	7,789,740
Effect of movement in exchange rates on cash balances	(6,614)	33,354
<b>Cash and cash equivalents at the end of the period</b>	<b>6,441,807</b>	<b>2,756,114</b>

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

## 1. Basis of preparation of the half-year financial report

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Urbanise during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

Urbanise.com Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

### Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001, and other mandatory reporting requirements.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2017 and the corresponding half-year.

The half-year 2016 comparative results in the consolidated statement of profit or loss and comprehensive income have been reclassified to reflect the current period presentation.

### Rounding amounts

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

### New Accounting Standards and interpretations in issue but not yet effective

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

#### *AASB 9: Financial Instruments*: Effective from 1 July 2019

This Standard will replace *AASB 139: Financial Instruments: Recognition and Measurement*. The key changes that may affect the Group on initial application of *AASB 9* and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';

Although the directors anticipate that the adoption of *AASB 9* may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

#### *AASB 15: Revenue from Contracts with Customers*: Effective from 1 July 2018

*AASB 15* will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. These Standards provide a revised principle for recognising and measuring revenue. Under *AASB 15*, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. *AASB 15* requires the adoption of the following 5-step model:

- Step 1: Identify the contract(s) with the customer;
- Step 2: Identify the performance obligations under the contract(s);
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations under the contract(s); and
- Step 5: Recognise revenue when (or as) the entity satisfies the performance obligations.

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

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

*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 unless the underlying asset is accounted for on a revaluation basis; 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 the directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

*AASB 2 Clarification and measurement of share-based payment transactions*: Effective from 1 July 2018

This makes amendments to AASB 2 Share Based Payments, clarifying how to account for certain types of share-based payments. A full assessment is yet to be carried out.

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

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

### **Significant accounting estimates and assumptions**

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are consistent with the 30 June 2017 financial statements, with updates provided below.

### **Impairment of tangible and intangible assets**

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

The Group assessed the carrying amount of the Group's assets at 31 December 2017 for impairment indicators and determined that an impairment indicator was present due to the losses generated in the half-year ended 31 December 2017.

The following table describes key assumptions on which the Group has based the cash flow projections:

KEY ASSUMPTIONS	BASIS OF ESTIMATION
Future cash flows	VIU calculations, inclusive of working capital movements and forecast capital expenditure based on financial projections approved by the Board for 30 months, extended to utilise tax losses generated in the forecast period, then reverting to a terminal value.
Discount rate	Discount rate applied to cash flow projection assessed to reflect the time value of money and the perceived risk profile of the stage of the business.
Revenue growth	Forecast growth in the first five years based on Board approved projections, and detailed assessed conversion of know revenue opportunities for the business. Years 6 onwards assume modest growth is achieved within existing business markets and geographies.
Gross margins	Forecasting consistent gross margins over the life of the model relative to historic gross margins achieved.

For the Mystrata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 67% for year one, 46% in year two, 12% in year three, 5% in year four, 4% in year five, a terminal growth rate of 3% and a pre-tax discount rate of 15.8% to determine value in use. This is largely driven by contract wins and the commencement of PICA, Crockers and other contracts with revenue maturing in the first two years and the integration of the Wattkeeper and Intelligen business. Management have assessed that there is an impairment to goodwill to the entire CGU of \$7,731,852 based on the value in use calculations.

Intangible assets in respect of the Urbanise CGU were fully impaired at 30 June 2017. At 31 December 2017, \$68,148 of intangible assets relating to acquired accounting software and \$142,449 of plant, property and equipment were impaired within the Urbanise CGU.

#### Going concern

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

For the period ended 31 December 2017, the Group recorded a net loss after tax of \$13,780,536. The Group has a net asset position of \$27,843,807 at reporting date inclusive of cash reserves of \$6,441,807 with no external debt or borrowings. The Group has prepared a cash flow forecast based on a detailed revenue forecast and reduced levels of expenditure which indicates that the Group will require an improved cash flow position within the next 12 months to meet its forecast net outgoings. In order to improve the entities cash flow position over this period the Group will need to generate additional net cash flow by increasing revenue, reducing expenditure or raising funds through other sources including debt or equity capital.

To address the potential future additional funding requirements of the Group, since 31 December 2017, the directors have undertaken the following initiatives:

- Identified cost savings and commenced implementation of expense reduction programs that will reduce cash outflow;
- New leadership team in place with focus on sales strategy to target short term and recurring revenue opportunities;
- Monitor the cash flow impact of the cost reduction program and new sales; and
- Identified cash inflow from new non-forecast sales.

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

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

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

## 2. Segment information

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

On 23 October 2017, the new CEO announced that the company will focus on 3 regions for the next 3 years. These 3 regions are Asia Pacific, Middle East and South Africa. Three country managers are responsible for the operations and performance in each of these regions. Management and board reporting are now focused on regional performance.

Management have concluded that a regional split in the segment reporting in the financial statements will better reflect how the company is managed, performance measured and people managed.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical areas generating revenue from all products. The directors of the Company have chosen to organise the Group around differences in regions. The Group's reportable segments under AASB 8 focus on three key reportable segments:

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. The 31 December 2016 and 30 June 2017 results have been restated for comparability.

### 2.1 Revenue and results

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

	Segment revenue & other income		Segment result	
	Half-year ended		Half-year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$	\$	\$	\$
<b>Continuing operations</b>				
APAC	1,644,413	1,247,836	(4,593,580)	(3,074,878)
E/ME	1,101,873	987,015	289,944	(1,887,678)
Africa	225,450	132,495	(361,232)	(171,935)
<b>Total of all segments</b>	<b>2,971,736</b>	<b>2,367,346</b>	<b>(4,664,868)</b>	<b>(5,134,491)</b>
Impairment			(7,942,449)	-
Depreciation and amortisation			(1,207,994)	(989,242)
Interest income			36,004	293,248
Income tax benefit			-	1,211,528
Finance costs			(1,229)	27
<b>Profit/(loss) after tax</b>			<b>(13,780,536)</b>	<b>(4,618,930)</b>

The assets and liabilities of the Group collaboratively support the various segment revenues generated by the Group. The revenue reported above represents the revenue generated from external customers. Segment result represents the profit or loss incurred by each segment without the allocation of interest income, finance costs, income tax expense, amortisation and depreciation and impairment. General and administrative costs including employee costs for the senior leadership team have not been allocated between regions and sit within the APAC region along with the R&D tax incentives which are applicable to Australia only. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The total amount of external revenue derived from major customers where the revenue is greater than 10% is nil (2016: nil).

**2.2 Segment assets and liabilities**

	Segment assets		Segment liabilities	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$	\$	\$	\$
<b>Continuing operations</b>				
APAC	25,486,303	33,404,376	3,006,815	3,226,677
E/ME	617,113	413,851	342,121	489,847
Africa	5,342,884	4,924,906	253,557	229,786
<b>Segment total</b>	<b>31,446,300</b>	<b>38,743,133</b>	<b>3,602,493</b>	<b>3,946,310</b>

**3. Revenue**

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

	Half-year ended	
	2017	2016
	\$	\$
<b>Sales revenue</b>		
Platform license income and activation fees	2,355,794	1,979,473
Professional services	456,895	249,873
<b>Total sales revenue</b>	<b>2,812,689</b>	<b>2,229,346</b>
<b>Other income</b>		
Interest income	36,004	293,248
Research and development income	122,812	138,000
Other income	36,234	87
<b>Total other income</b>	<b>195,050</b>	<b>431,335</b>

**4. Trade and other receivables****Trade and other receivables: current**

	31 Dec 2017	30 Jun 2017
	\$	\$
<b>Current</b>		
Trade receivables	4,671,318	5,490,569
Provision for impairment	(2,187,335)	(3,362,173)
Other receivables	132,932	567,435
<b>Total current trade and other receivables</b>	<b>2,616,915</b>	<b>2,695,831</b>

**Non-current**

Trade receivables non-current	1,455,210	2,678,232
Provision for impairment non-current	(1,327,050)	(2,203,212)
<b>Total non-current trade and other receivables</b>	<b>128,160</b>	<b>475,020</b>

**Age of receivables that are past due but not impaired**

31-60 days	237,854	109,370
61-90 days	237,658	111,222
90+ days	143,849	2,257
<b>Total age of receivables that are past due but not impaired</b>	<b>619,361</b>	<b>222,849</b>

An allowance is made when there is objective evidence that a trade receivable is impaired. An impairment loss is recognised when there is objective evidence such as non-payment of outstanding debts or contractual disputes that an individual trade receivable is impaired. All trade receivables that are not impaired are expected to be received.



## 5. Intangible assets

	Intellectual property at cost \$	Development at cost \$	Software at cost \$	Trademarks \$	Goodwill \$	Customer relationships \$	Total \$
<b>Gross carrying amount</b>							
<b>Balance at 1 July 2017</b>	<b>20,999,130</b>	<b>7,768,242</b>	-	<b>853,807</b>	<b>15,216,795</b>	<b>220,000</b>	<b>45,057,974</b>
Additions	-	653,789	143,623	-	-	-	797,412
Transfer between asset classes	207,760	(207,760)	-	-	-	-	-
Disposal	(375,774)	-	-	(63,807)	-	-	(439,581)
Effect of foreign currency exchange differences	212,702	(1,156)	-	-	87,473	-	299,019
<b>Balance at 31 December 2017</b>	<b>21,043,818</b>	<b>8,213,115</b>	<b>143,623</b>	<b>790,000</b>	<b>15,304,268</b>	<b>220,000</b>	<b>45,714,824</b>
<b>Accumulated amortisation and impairment</b>							
<b>Balance at 1 July 2017</b>	<b>(8,114,048)</b>	<b>(6,772,263)</b>	-	<b>(41,063)</b>	<b>(2,785,936)</b>	<b>(45,833)</b>	<b>(17,759,143)</b>
Amortisation expense	(1,008,029)	(80,904)	(7,326)	-	-	(17,712)	(1,113,971)
Transfer between asset classes	(241,130)	263,874	-	(22,744)	-	-	-
Impairment loss recognised in P&L (note 1)	-	-	(68,148)	-	(7,731,852)	-	(7,800,000)
Disposal	375,774	-	-	63,807	-	-	439,581
Effect of foreign currency exchange differences	(10,721)	(7,186)	-	-	-	-	(17,907)
<b>Balance at 31 December 2017</b>	<b>(8,998,154)</b>	<b>(6,596,479)</b>	<b>(75,474)</b>	-	<b>(10,517,788)</b>	<b>(63,545)</b>	<b>(26,251,440)</b>
<b>Net book value</b>							
As at 30 June 2017	12,885,082	995,979	-	812,744	12,430,859	174,167	27,298,831
<b>Balance at 31 December 2017</b>	<b>12,045,664</b>	<b>1,616,636</b>	<b>68,149</b>	<b>790,000</b>	<b>4,786,480</b>	<b>156,455</b>	<b>19,463,384</b>

## 6. Issued capital and contributed equity

### Issued and paid up capital

	31 Dec 2017	30 Jun 2017
	\$	\$
530,831,549 (30 June 2017: 353,887,699) Fully paid ordinary shares	93,821,852	87,713,208

### Ordinary shares

	31 Dec 2017		30 Jun 2017	
	No.	\$	No.	\$
Opening balance	353,887,699	87,173,208	258,122,399	65,668,289
Private placement	-	-	63,500,000	14,287,500
Rights issue	176,943,850	7,077,754	32,265,300	7,259,693
Share issue costs	-	(429,110)	-	(60,391)
Tax effect of cost of share issue	-	-	-	18,117
<b>Closing balance</b>	<b>530,831,549</b>	<b>93,821,852</b>	<b>353,887,699</b>	<b>87,173,208</b>

- i. 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.

### Performance share rights

	31 Dec 2017	30 Jun 2017
	No.	No.
Opening balance	-	-
Performance share rights issued	16,541,250	-
<b>Closing balance</b>	<b>16,541,250</b>	<b>-</b>

- i. On 21 November 2017, a resolution was passed at the Annual General Meeting to issue performance share rights to Urbanise employees and Directors. 7,103,750 of the performance shares are based on share price targets at 30 June 2018 and 30 June 2019. 9,437,499 performance shares are based on revenue targets at 30 June 2018, 30 June 2019 and 30 June 2020. There is no issue or exercise price on these shares.

### Share Options

	31 Dec 2017	30 Jun 2017
	No.	No.
Opening balance	22,488,905	34,716,405
Options granted over ordinary shares	550,000	500,000
Options expired	(3,900,000)	(11,200,000)
Options forfeited	(15,000)	(1,527,500)
<b>Closing balance</b>	<b>19,123,905</b>	<b>22,488,905</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.
- ii. 3,900,000 share options expired during the half year 31 December 2017.
- iii. 15,000 share options were forfeited during the half year 31 December 2017 following employee departures.

**Expense arising from share-based payment transactions**

	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Share options	8,112	1,463
Share options forfeited	(11,228)	-
Performance rights	20,000	-
<b>Total expense</b>	<b>16,884</b>	<b>1,463</b>

**7. Fair value of financial instruments**

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

**8. Subsequent events**

On 23 January 2018, David Bruce Burlington resigned as a Non-Executive Director of the Company.

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

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

- i. Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- ii. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance for the half-year ended on that date.

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

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'R. Bate', with a horizontal line underneath.

**Russell William Bate**  
Non-Executive Director  
21 February 2018



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

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Urbanise.com Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern with respect to the requirement to improve the Group's operating cash flow. These events or conditions indicate there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

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

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and

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consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Robert Dalton' in a cursive style.

Robert Dalton  
Partner  
Melbourne  
21 February 2018

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