Appendix 4E

For the year ended 30 June 2016

Urbanise.com Limited
ABN 70 095 768 086

Reporting period

Report for the financial year ended 30 June 2016.
Previous corresponding period is the financial year ended 30 June 2015.

Results for announcement to the market

	2016 $A'000	2015 $A'000	Up/ Down	% Movement
Revenue from ordinary activities	8,319	9,245	Down	-10%
Profit/(loss) from ordinary activities after tax attributable to members	(9,291)	720	Down	-1390%
Net profit/(loss) for the period attributable to members	(9,408)	752	Down	-1351%

	2016	2015
Net tangible assets per ordinary security	9 cents per share	9 cents per share

Dividends

There have been no dividends declared for the financial year ended 30 June 2016 (2015: nil).

Statement of Comprehensive Income

Refer to the attached statement and relevant notes.

Statement of Financial Position

Refer to the attached statement and relevant notes.

Statement of Cash Flow

Refer to the attached statement and relevant notes.

Dividends

No interim dividends have been declared for the financial year ended 30 June 2016. There are no dividend or distribution reinvestment plans in operation.

Statement of retained earnings

	Consolidated Entity		Parent Entity	
	2016	2015	2016	2015
	$A'000	$A'000	$A'000	$A'000
Balance at beginning of year	(8,749)	(9,469)	(8,559)	(9,469)
Net profit attributable to members of the parent entity	(9,291)	720	(8,868)	910
Sale of subsidiary	73	-	-	-
Total available for appropriation	(17,967)	(8,749)	(17,427)	(8,559)
Dividends paid	-	-	-	-
Balance at end of year	(17,967)	(8,749)	(17,427)	(8,559)

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

Name of entity	Mystrata Malaysia Sdn Bhd
Date of loss of control	1 July 2015
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date in the current period on which control was relinquished	nil
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period	($3,993)

Gain of control of entities

There has been no gain of control of any entity by the Urbanise group during the financial year ended 30 June 2016.

Details of associates and joint venture entities

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

Significant information relating to the entity's financial performance and financial position

On 21 June 2016, Urbanise finalised purchase price of the Mystrata Group, acquired on 1 June 2015. As a result, 6,445,000 shares were issued to Mystrata shareholders in settlement of the earn out and warranty adjustment.

Commentary on the results for the period

The company delivered revenues of $9.8 million, a 3% decrease from the previous corresponding period. Importantly cash collection has increased to $7.3 million.

The reported net loss after tax of $9.3 million was driven by a number factors:

- The decision to step up the significant investment in sales, support and implementation staff to support expansion plans
- A shortfall in revenue due to supply chain issues with the next generation of IoT technology (now resolved) and a longer than anticipated sales cycle of the software platform
- Underperformance of direct sales teams – especially in Europe

Of the previously reported first half sales backlog of approximately $1.9 million, the majority was recognised during the second half.

The financial information provided in the Appendix 4E is based on the Annual Financial Report (attached), which has been prepared in accordance with Australian Accounting Standards.

Audit of the financial report

This Annual Financial Report has been audited.

The Audit has been completed

The financial contains an independent audit report that is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Signed

Russell William Bate
Non-executive Director
Melbourne, 25 August 2016

urbanise

Annual Financial Report

For the year ended 30 June 2016

Urbanise.com Limited
ABN 70 095 768 086

CORPORATE INFORMATION

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Melbourne VIC 3000

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ASX Code
UBN

Share Registry
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Solicitors
Watson Mangioni Lawyers Pty Limited
Level 13, 50 Carrington Street
Sydney NSW 2000

Bankers
National Australia Bank Limited
Ground Level, 330 Collins Street
Melbourne VIC 3000

Auditors
Pitcher Partners
Level 19, 15 William Street
Melbourne VIC 3000

www.urbanise.com

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The Directors of Urbanise.com Limited (Urbanise) present their annual financial report of the Company for the year ended 30 June 2016.

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Arlene M Tansey
Chairman

Arlene was appointed as Chairman on 27 June 2014. She is currently the Chairman of Future Fibre Technologies Limited and a Director of Aristocrat Leisure Limited, Adelaide Brighton Limited, Primary Health Care Limited, Infrastructure NSW and Lend Lease Investment Management.

Before becoming a Non-Executive Director, Arlene worked in commercial and investment banking in Australia and in investment banking and law in the United States. She holds a Juris Doctor from the University of Southern California Law Centre and an MBA from New York University. She is a member of Chief Executive Women and a Fellow of the Australian Institute of Company Directors. Arlene is originally from New York and has lived and worked in the United States, South America and Europe. She has lived in Australia for the past 22 years and is an Australian citizen.

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

Benjamin Churchill
Chief Executive Officer

After more than a decade with FTSE 250 construction and services company Carillion PLC, Ben was appointed Managing Director of Emrill Services LLC in 2010. As the largest integrated facilities management company in the United Arab Emirates, Ben's portfolio of clients included Emaar, Festival City, Masdar City, Etihad Airways, World Trade Center Abu Dhabi, Anantara and two of the world's tallest and most prestigious residential towers – Torch Tower and Princess Tower. Under Ben's leadership, Emrill experienced a 60% growth in revenue and 400% increase in profit, as well as a significant increase in market share. This success was recognised in 2013 with Emrill named Middle East FM Company of the Year, and Ben receiving the European CEO of the Year Award for his visionary leadership in facilities management.

Ben joined as Chief Executive Officer in late 2013 to continue his goal of transforming the facility management industry through the adoption of new and innovative technology practices.

Robert Gordon Cumming
Chief Product Officer

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

Following the company's acquisition in 2001, Rob formed specialist technology development business Myretsu in conjunction with Sausage Founder Steve Outtrim, and created Urbanise. Rob has since led a team that has designed and developed advanced technology solutions for a range of industries sectors. In 2009, Rob relocated to Dubai to set up Urbanise Middle East, and work in partnership with Cisco Systems, Inc. on Smart City initiatives in the GCC region.

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

Russell William Bate
Non-Executive Director

With more than 35 years in the IT industry, Russell 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 multinational Sun Microsystems. In that role he was responsible for direct sales operations in Sun's Asia Pacific region, an area that included the ASEAN countries, Australasia, China, the Indian sub-continent, Japan, and Korea. Russell joined Sun in 1992 and was appointed Australasian Managing Director in 1994. He managed the Australasian operation through five years of record growth. In 2000 Russell was awarded Sun's prestigious Leadership Award and was elected to Sun's Leadership Council. 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 IT industry. Russell is a former board member and past Chair of Musica Viva Australia, Australian Distributed Incubator, CR X Pty. Ltd. and Field and Game Australia and was a board member of the Australian Broadcasting Corporation and the Australian Information Industry Association.

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

David Bruce Burlington
Non-Executive Director

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

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

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

Directorships of other listed companies

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

Name	Company	Urbanise Office[i]
Arlene M Tansey	Adelaide Brighton Limited Aristocrat Leisure Limited Future Fibre Technologies Limited Pacific Brands Limited (retired October 2013) Primary Health Care Limited	Chairman
Benjamin Churchill	Nil	Executive Director
Robert Gordon Cumming	Nil	Executive Director
Russell William Bate	Nil	Non-Executive Director
David Bruce Burlington	Nil	Non-Executive Director

[i]Current directorship unless otherwise noted.

Remuneration of key management personnel

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

Shareholdings

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

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

Directors and other key management personnel	Number of fully paid ordinary shares	Number of Options
Directors		
Arlene M Tansey[i]	-	-
Benjamin Churchill	1,360,800	6,000,000
Robert Gordon Cumming	10,369,453	9,000,000
Russell William Bate	529,969	2,000,000
David Bruce Burlington	93,454	1,400,000
Other key management personnel		
Adam Bate	352,918	2,500,000
Julian Boot	243,895	3,000,000
David Bugden[ii]	306,640	-
Mark Hough[iii]	140,000	200,000
Michael Waymark[iv]	45,000	-

(i) At 30 June 2016, Mantan Nominees Pty Ltd, a related party of Arlene M Tansey, held 800,000 share options and 487,108 shares.
(ii) David Bugden is Head of Strata in the Urbanise Group. He commenced his employment with Urbanise on 1 June 2015 upon the acquisition of the Mystrata Group.
(iii) These options were only authorised for issue to the employee in August 2015 however the grant date for accounting purposes is considered to be 1 May 2015.
(iv) Michael Waymark was appointed as Chief Operating Officer of the Urbanise Group on 4 April 2016.

During the financial year there were 200,000 share options (2015: nil) granted to officers of the Company as part of their remuneration.

Company secretary

Kim Clarke held position of company secretary of Urbanise.com Limited at the end of the financial year. Kim is an experienced business professional with 21 years' experience in the Banking and Finance industries and 6 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.

Principal activities

Urbanise develops software that enables building operators to automate, streamline, simplify and optimize building operations and performance. The software is complemented by remote sensors that monitor critical assets to provide enhanced visibility and response. These two solutions are known as:

- The Residential Property Cloud – providing integrated products specifically for medium – large asset owners, managers and service providers in the residential property industry; and
- The Internet of Things (IoT) Cloud – with its open architecture can be deployed in many ways and across many industries beyond the residential vertical.

Review of Operations

The company stepped up 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 investment into product development and systems to support customers in each geography.

The strategy was successful in the Australian and South African markets where considerable investment was made to secure key contracts. Moderate success was achieved in the Middle Eastern market. This approach was not sufficient in the European market, and Urbanise has now discontinued direct sales and moved to a partner-based approach.

The company maintained its existing footprint in Australia, Singapore and the UAE, and added a new facility in South Africa. The offshore software development team in Bulgaria was further strengthened.

Global Headcount increased from 65 to 84. Customer Engagement costs increased by 71% and Technology / Operations costs by 183%.

Support Infrastructure

The company continued to invest in online support infrastructure to enable clients using the Urbanise platform to efficiently connect users directly with the Urbanise team to resolve issues or questions. This seamless online support experience is key to ensuring that Urbanise clients use the platform as the primary interface for their business operations.

Acquisitions

The Mystrata acquisition has met expectations, with a 24% growth in billable residential units during FY16. The Mystrata platform was also an important factor in securing the recently announced contract with King Price.

Financial performance

The company delivered revenues of $9.8 million, a 3% decrease from the previous corresponding period. Importantly cash collection has increased to $7.3 million.

The reported net loss after tax of $9.3 million was driven by a number factors:

- The decision to step up the significant investment in sales, support and implementation staff to support expansion plans
- A shortfall in revenue due to supply chain issues with the next generation of IoT technology (now resolved) and a longer than anticipated sales cycle of the software platform
- Underperformance of direct sales teams – especially in Europe

Of the previously reported first half sales backlog of approximately $1.9 million, the majority was recognised during the second half.

Capital and financial structure

At 30 June 2016, Urbanise had a net cash position of $7.8 million, with no external debt or borrowings.

The current asset ratio at 30 June 2016 was 4.66 times, up from 3.62 times at 30 June 2015.

Business strategies and prospects

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

Leveraging Recent Successes

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

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

Partner programme

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

Investment in Research and Development

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

Build scale

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

Significant Risks

Urbanise monitors key risks and uncertainties on a regular basis. The following items are deemed material risks by the business:

Risks specific to the business

- *Operator's rate of Platform adoption*

  A large part of Urbanise's revenue is generated from fees for URPC Platform usage. Historically, operators using the Platform have successfully used the technology to increase revenues or reduce costs. This expanded use (adoption) of the Platform within their business has contributed to the continued growth in Urbanise's revenues. If there was a decline in the rate that current or new operators adopted the Platform, this is likely to adversely affect Urbanise's revenue, profitability and ability to execute its growth strategies.

- *Risks associated with user-generated content*

  Users of the URPC Platform may generate content and accordingly the Platform has significant quantities of such content displayed throughout each building operator's portal websites. Urbanise cannot monitor all the building occupants generated content, and does not attempt to do so. Through its license agreements operators must indemnify Urbanise from all actions as a result of building occupants using the Platform. Building occupants must also agree to an Acceptable Usage policy that explicitly bans the publishing of objectionable material. Urbanise retains the right to suspend or terminate the access rights of any building occupants that does not adhere to this policy.

  Urbanise, by virtue of its association with building occupants generated content, may be implicated in an objectionable or illegal activity that subsequently exposes it to a law enforcement activity, or a civil dispute, with consequent liabilities and possible disruption to Urbanise's operations. This could adversely affect Urbanise's revenues and assets.

  Additionally, reputational risk associated with offensive, objectionable or illegal activity arising from user generated content may lead to a decline in Urbanise's ability to attract and retain users. Such a decline could also negatively impact upon Urbanise's revenues.

- *Fee risks*

  Urbanise charges fees to building operators for their usage of the URPC Platform. For example, Urbanise charges fees each time the building operator registers a new building occupant's residential account for purchasing services from the building operator.

  Urbanise may need to reduce the level of its fees, for example as a result of competitive pressure or as a strategy to grow market share. A reduction in fees could lead to lower revenues overall or to slowing in the rate at which Urbanise's revenues grow.

- *Data loss, theft or corruption*

  Urbanise provides its services exclusively online through the URPC Platform. Hacking or exploitation of some unidentified vulnerability in the Platform could lead to loss, theft or corruption of data. This could render the Platform unavailable for a period of time while data is restored. It could also lead to unauthorised disclosure of users' data, with associated reputational damage, claims by building occupants and regulatory scrutiny and fines.

  Although Urbanise has strategies and protections in place to try to minimise security breaches and to protect data, these strategies might not be successful. In that event, disruption to the Platform and unauthorised disclosure of building occupants' data could negatively impact upon Urbanise's revenues and profitability.

- *Hacker attacks*

  Urbanise relies upon the availability of the URPC Platform to provide services to customers and building occupants and to attract new customers and building occupants. Hackers could render the Platform unavailable through a distributed denial of service attack or other disruptive attacks.

  Although Urbanise has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the Platform could lead to a loss of revenue whilst Urbanise is unable to provide its services. Further, it could hinder Urbanise's ability to retain existing users, increase their activity on the Platform and to attract new users, potentially having a material adverse impact upon Urbanise's growth.

- *Disruption to internet services*

  Urbanise's user community is situated in specific countries around the world. It also has staff located in a number of countries, being Australia, the United Arab Emirates and South Africa. Disruption to Internet services in countries where Urbanise's users or staff are based, could significantly impact upon use of Urbanise's Platform and business continuity.

  This could have an adverse effect on Urbanise's ability to generate revenue while the disruptions remain in place. Further, if the disruption affected key regions where building operators had significant populations of Building Occupants, and if the disruption were prolonged, it could have a material adverse effect on Urbanise's ability to continue to grow its business.

- *Hosting provider disruption risks*

  Urbanise relies upon its primary hosting provider, Amazon Web Services, to maintain continuous operation of its Platform.

  Should AWS suffer outages, service to the Urbanise Platform may also be disrupted. If AWS ceased to offer its services to Urbanise and Urbanise was unable to obtain a replacement hosting provider quickly, this would also lead to disruption of service to the Urbanise Platform.

  Unavailability of the Platform would lead to a loss of revenue while Urbanise is unable to provide its services. Further, particularly in the case of prolonged outages, such disruptions would likely to have an adverse impact upon Urbanise's reputation. This would likely hinder Urbanise's ability to retain existing customers and building occupants, increase their activity on its Platform and to attract new customers and building occupants, having an adverse impact upon Urbanise's growth.

- *Supply chain disruption risk*

  The Urbanise IoT Cloud uses devices that are manufactured by third parties who also manufacture devices for other companies (including on-sellers and distributors) and who may also sell those products through their own direct channels. These devices contain electronics components that are used in other devices manufactured for other businesses that have more purchasing power than Urbanise.

  The global supply of these components has limitations and demand for these components is growing.
  If these other companies were to order more of these components than can be manufactured in a timely fashion then this may disrupt or delay device orders made by Urbanise to satisfy requests by operators for more devices.

  This would likely have an adverse effect on Urbanise's ability to generate revenue while the disruption or delays remain in place. If the disruptions were prolonged, they could have an adverse effect on Urbanise's ability to continue to grow its business.

- *Liquidity and realisation risk*

  There is a risk that once the Shares subject to escrow or trading restrictions are released from the restrictions attaching to them, there may be a significant selldown by the holders of those Shares. This may affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid to acquire their Shares.

- *Need to attract and retain skilled staff*

  Urbanise's future success will in part depend on its ability to hire and train suitable staff. Competition for such personnel is intense and there can be no assurance that Urbanise will be successful in attracting and retaining such personnel.

  A failure to do so may have an adverse effect on the operations and profitability of Urbanise's business.

- *Exchange rates*

  Urbanise operates internationally and in four main currencies. Accordingly, fluctuations in prevailing exchange rates can affect Urbanise's profitability and financial position. For example, Urbanise pays its website hosting costs in US Dollars. If the Australian Dollar falls relative to the US Dollar, those costs increase in Australian Dollar terms, potentially reducing Urbanise's profitability.

  Currently, most of Urbanise's revenues are in US dollars and most of its costs are in Australian Dollars. However, the mix of currencies in which Urbanise pays its costs and earns its revenues is changing over time. As that mix changes, there may be a greater impact on profitability in Australian Dollar terms.

Urbanise's financial statements are prepared and presented in Australian Dollars, and any appreciation in the Australian Dollar against other currencies in which Urbanise transacts may adversely impact its financial performance and position.

- *Competition*

There are other companies that sell point-solutions for specific aspects of building maintenance and management to organisations that operate buildings.
There are other large organisations that operate buildings that have developed in-house solutions to manage maintenance and management processes.

The e-commerce, service management and the Internet of Everything space has, and will continue to, rapidly evolve, with new entrants and large players releasing new offerings in specific areas (for example, intelligent thermostats and smoke detectors), that may influence the facility management Industry's adoption of technology solutions.

Urbanise expects to face competition from such organisations, some of which will have greater financial, technical and marketing resources. Increased competition could result in reduced operating margins and loss of market share. Any of these occurrences could adversely affect Urbanise's business, operating results and financial condition.

- *Global nature*

Urbanise has users in and provides services to people in multiple jurisdictions across the world. Urbanise therefore facilitates service provision, while also providing its own services into each of these jurisdictions. This broadens the scope of most general risks to Urbanise, as changes in regulation and legislation can affect Urbanise in ways that are hard to predict.

In some jurisdictions, government policies and procedures regulating online commerce may still be in their infancy, potentially resulting in local laws and practices that are time consuming and resource-intensive to comply with, or which are unclear. Required approvals may be difficult to obtain. Some of the jurisdictions in which Urbanise operates in the future may experience sudden civil unrest or major political change.

Urbanise's operations may be adversely affected by the risks associated with operating in such jurisdictions, which may impact on its ability to grow the business in overseas markets.

More generally, Urbanise will have to adapt to local business and contract customs in jurisdictions, where it currently operates. This may result in Urbanise operating on less profitable terms than it has operated on historically, or ceasing to operate in such jurisdictions. This may adversely affect Urbanise's results of operations.

- *Management of future growth*

Urbanise has experienced an increase in the number of its employees and officers and the scope of its supporting infrastructure. This growth has resulted in new and increased responsibilities for management and has placed, and will continue to place, a significant strain on Urbanise's management.

Urbanise will be required to continue to implement and improve its systems in a timely manner in order to accommodate an increased number of transactions and customers and an associated increased in the size of its operation. A failure to do so may adversely affect Urbanise's revenue and profitability.

- *Business contracts risk*

There are a number of existing contracts which are material to Urbanise's business. Further contracts will likely be entered into by Urbanise which will also be material to Urbanise's business.

Many of these contracts are, or will be, governed by laws other than laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia. Apart from the usual vicissitudes of litigation, there may be regulatory or practical considerations which frustrate the enforceability of such contracts against foreign or foreign-owned counterparties. These matters may have a significant adverse effect on Urbanise's ability to enforce its contracts and may have a significantly adverse effect more generally on Urbanise's business and profitability.

Apart from that, the business dealings of Urbanise are necessarily exposed to the potential of third party insolvency. If a third party with whom Urbanise has dealings becomes insolvent, this may also have a significantly adverse effect on Urbanise and on its business and profitability. It should be noted that foreign insolvency laws are not necessarily similar to Australian insolvency laws.

General business risks

- *Force majeure risks*

  Force majeure is a term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war and strikes. Urbanise does not have insurance for all force majeure risks, some of which are, in any event, uninsurable. To the extent that any such risks occur, there may be an adverse effect on the operations and profitability of Urbanise's business.

- *Potential acquisitions*

  As part of its business strategy, Urbanise may make acquisitions of or significant investments in, complementary companies, services, technologies and/or products. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

- *Further funding requirements*

  Although the Directors believe that Urbanise currently has sufficient working capital to carry out its stated business objectives, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that it can be obtained on favourable terms or at all. If additional funds are raised by issuing equity securities, this may result in dilution of some or all of the Existing Shareholders of Urbanise.

- *Long-term investments*

  Investors are strongly advised to regard an investment in Urbanise as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. Urbanise cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

Risks associated with holding shares

- *Investment risk*

  There are several types of investment risk that may affect an investment in Urbanise, including a decline in the market price of the Shares (the initial capital value may decrease especially if you are investing for the short term), the amount received as income may vary over time or the value of an investment may not keep pace with inflation. This includes the possibility that Urbanise may not be able to achieve the medium to long term capital growth objectives.

- *Economic conditions*

  The operating and financial performance of Urbanise is influenced by a variety of general economic and business conditions including the level of inflation, international share markets, interest rates and exchange rates, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on Urbanise's business or financial situation.

- *Government*

  Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and investor returns.

Significant changes in the state of affairs

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

Subsequent events

It was announced on 6 July 2016 that Urbanise has agreed terms with Prudential Investment Company of Australia Pty Limited Group (PICA) for a 10-year contract which will deliver revenue of $16 million over the next 10 years.

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

Environmental regulations

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

Dividends

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

Directors' meetings

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

Name	Directors' Meetings		Audit & Risk Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Arlene M Tansey	9	9	4	4	2	2
Russell William Bate	9	9	4	4	2	2
David Bruce Burlington	9	9	4	3	2	2
Benjamin Churchill	9	9	-	-	-	-
Robert Gordon Cumming	9	9	-	-	-	-

Share Options

Share options issued during the year are disclosed under shares under option or issued on exercise of options below. There were no share options issued to Directors during or since financial year end 30 June 2016.

Shares under option or issued on exercise of options

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

Issuing entity	Date options granted	Number of shares under option	Class of shares	Issue price of options	Expiry date of options
Urbanise.com Limited	30 April 2015	250,000	Ordinary	$1.29	22 September 2021
Urbanise.com Limited	1 May 2015	250,000	Ordinary	$1.25	22 September 2021
Urbanise.com Limited	10 October 2011	8,200,000	Ordinary	$0.00	10 October 2016
Urbanise.com Limited	9 August 2012	2,000,000	Ordinary	$0.00	09 August 2017
Urbanise.com Limited	5 October 2012	1,400,000	Ordinary	$0.00	09 August 2017
Urbanise.com Limited	25 April 2015	100,000	Ordinary	$1.02	05 October 2022
Urbanise.com Limited	28 April 2015	100,000	Ordinary	$1.12	01 November 2022
Urbanise.com Limited	4 May 2015	100,000	Ordinary	$1.24	15 November 2022
Urbanise.com Limited	22 April 2015	100,000	Ordinary	$0.75	06 February 2023
Urbanise.com Limited	11 December 2013	2,000,000	Ordinary	$0.20	31 December 2018
Urbanise.com Limited	11 December 2013	2,000,000	Ordinary	$0.20	31 December 2018
Urbanise.com Limited	11 December 2013	2,000,000	Ordinary	$0.20	31 December 2018
Urbanise.com Limited	1 May 2015	200,000	Ordinary	$1.25	31 December 2018
Urbanise.com Limited	31 January 2014	400,000	Ordinary	$0.21	31 January 2019
Urbanise.com Limited	30 June 2012	3,000,000	Ordinary	$0.00	30 June 2017
Urbanise.com Limited	30 June 2013	3,000,000	Ordinary	$0.00	30 June 2018
Urbanise.com Limited	6 June 2014	3,000,000	Ordinary	$0.19	06 June 2019
Urbanise.com Limited	15 May 2014	400,000	Ordinary	$0.19	27 June 2019
Urbanise.com Limited	4 August 2014	400,000	Ordinary	$0.19	4 August 2019
Urbanise.com Limited	7 August 2014	5,426,405	Ordinary	$0.19	31 August 2019
Urbanise.com Limited	10 December 2014	100,000	Ordinary	$0.75	16 December 2019
Urbanise.com Limited	15 December 2015	190,000	Ordinary	$0.69	15 December 2020
Urbanise.com Limited	29 April 2016	100,000	Ordinary	$0.40	28 April 2021
Total number of shares under option		**34,716,405**			

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Urbanise.com Limited	9,150,000	Ordinary	$0.20	$nil
Total shares issued from options exercised	**9,150,000**			

Indemnification of officers and auditors

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

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

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

Non-audit services

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

	2016	2015
	$	$
IPO costs	-	85,050
Limited Due Diligence Report for acquisition of Mystrata Group	-	18,970
Taxation advice	44,053	12,300
Total non-audit services of auditors	**44,053**	**116,320**

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

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

(i) all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

(ii) none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

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

Proceedings on behalf of the consolidated entity

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

Directors' report – Audited remuneration report

This remuneration report, which forms part of the Directors' report, sets out information regarding the remuneration of Urbanises' key management personnel for the financial year ended 30 June 2016.

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

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

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

Key management personnel details

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

Non-Executive Directors

- Arlene M Tansey (Chairman, Non-Executive Director)
- Russell William Bate (Non-Executive Director)
- David Bruce Burlington (Non-Executive Director)

Executive Directors

- Benjamin Churchill (Chief Executive Officer)
- Robert Gordon Cumming (Chief Product Officer)

Other key management personnel

- Adam Bate (Head of Development)
- Julian Boot (Chief Technology Officer)
- David Bugden (Head of Strata – appointed 1 June 2015)
- Mark Hough (Chief Financial Officer)
- Michael Waymark (Chief Operating Officer – appointed 4 April 2016)

The named persons held their current position for the whole of the financial year and since the end of the financial year unless otherwise noted.

Principles of remuneration and key terms of service agreements

The Board policy for determining the nature and amount of key management personnel remuneration is agreed by the Board of Directors after review, approval and recommendation by the Remuneration and Nomination Committee. The Chief Executive Officer's contract and remuneration is dealt with by the Board.

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

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

Alignment to shareholder interests:

i. Level of achieved net profit and key operational criteria;
ii. Controllable financial drivers of the businesses including revenues, cash, margin, earnings per share, and capital management improvement;
iii. Business and operational drivers of the business including sales, market growth expense management and control; 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 Company through access to the Employee Share Option Plan.

Remuneration and Nomination Committee

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

Non-Executive Director remuneration

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

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

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

In the 2016 financial year the Chairman received a fee of $24,000, the other Non-Executive Directors did not receive a fee. There were no additional fees for the Chair of the Audit and Risk Committee and the Chair of the Remuneration and Nomination Committee. All fees are inclusive of superannuation. There are no additional fees for being a member of any committee.

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

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

Executive pay

The Executive pay and reward framework has three components: base pay and benefits, including superannuation (which comprise the fixed remuneration); short-term at risk variable performance incentives; and long-term incentives through participation in the Company's Employee Share Option Plan. The combination of these comprises an Executive's total remuneration cost.

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

i. Benjamin Churchill, under which he acts as Chief Executive Officer of Urbanise; and
ii. Robert Cumming, under which he acts as Chief Product Officer of Urbanise.

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

Urbanise will seek shareholder approval as and if required by the Listing Rules and/or the Corporations Act for the payment of termination payments.

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

Other key management personnel pay

Adam Bate, Julian Boot, David Bugden, Mark Hough and Michael Waymark have entered into letters of appointment with Urbanise. Adam Bate has been employed with Urbanise since November 2001. Julian Boot has been employed since October 2007. David Bugden has been employed since June 2015. Mark Hough has been employed by Urbanise since May 2015. Michael Waymark has been employed by Urbanise since April 2016. The contracts are not fixed term and all contracts remain in force unless terminated by either party giving three months' notice.

Fixed remuneration

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

Variable remuneration

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

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

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

Performance criteria

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

i. Financial and operational targets linked to achievement of the Company's annual profit budgets and the level of achieved net profit after tax (NPAT) as determined by the Board from time to time including sales and controllable financial drivers including revenues, cash, market growth, earnings per share, expense management control and capital management improvement are important criteria;
ii. Strategic initiatives that provide for specific opportunities to be presented to the Board by management from time to time such as mergers and acquisitions that are value-accretive and the successful implementation of those initiatives;
iii. Corporate development matters including employment, retention and remuneration of core personnel, leadership and succession, cultural development and communication activities; and

iv. Risk management, including management and monitoring of material business risks. This includes maintaining a sound framework and controls in regards to financial and operational issues.

Relationship between the remuneration policy and Company performance

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

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

Consequences of Company's performance on shareholder wealth

The table below sets out summary information regarding the Group earnings and movement in shareholder wealth for the five years to 30 June 2016.

	30 June 16	**30 June 15**	**30 June 14**	**30 June 13**	**30 June 12**
Revenue	9,843,669	10,169,276	5,180,664	1,626,431	2,873,184
Net profit/(loss) before tax	(11,800,141)	1,576,911	2,374,392	(44,163)	1,105,074
Net profit/(loss) after tax	(9,290,953)	719,985	1,529,064	2,203,046	1,105,074
Share price at start of year (dollars)	1.19	0.19	-	-	-
Share price at end of year (dollars)	0.48	1.19	0.19	-	-
Dividends paid (dollars)	-	-	-	-	-

Remuneration of key management personnel

		Short-term benefits			Long-term benefits	Post-Employment benefits	Equity (long-term)		
		Salary and Fees	Short-term incentives	Allowances	Long service leave and gratuity	Superannuation	Options expensed in year(i)	Options as proportion of total remuneration	Total
Executive director		$	$	$	$	$	$	%	$
Benjamin Churchill	2016	413,744	-	10,358	44,273	-	17,845	3.7	**486,220**
Benjamin Churchill	2015	376,770	-	-	10,412	-	167,152	30.2	**554,334**
Robert Gordon Cumming	2016	310,708	-	3,913	22,500	-	25,532	7.0	**362,653**
Robert Gordon Cumming	2015	290,297	-	-	84,291	-	85,986	18.7	**460,574**
Non-executive directors									
Arlene M Tansey	2016	21,918	-	-	-	2,082	-	-	**24,000**
Arlene M Tansey	2015	21,918	-	-	-	2,082	18,832	44.0	**42,832**
Russell William Bate	2016	-	-	-	-	-	-	-	**-**
Russell William Bate	2015	-	-	-	-	-	-	-	**-**
David Bruce Burlington	2016	-	-	-	-	-	-	-	**-**
David Bruce Burlington	2015	-	-	-	-	-	-	-	**-**
Other key management personnel									
Adam Bate	2016	227,596	-	191,865	2,511	2,662	-	-	**424,634**
Adam Bate	2015	164,800	-	-	3,085	15,641	-	-	**183,526**
Julian Boot	2016	165,848	-	-	3,140	15,756	-	-	**184,744**
Julian Boot	2015	170,100	-	-	3,098	16,144	-	-	**189,342**
David Bugden	2016	313,253	-	58,701	26,176	-	-	-	**398,130**
David Bugden	2015	22,604	-	807	1,858	-	-	-	**25,269**
Mark Hough	2016	294,420	72,027	48,420	17,447	-	105,670	19.6	**537,984**
Mark Hough	2015	42,797	-	-	819	-	-	-	**43,616**
Michael Waymark	2016	86,154	-	-	68	4,827	-	-	**91,049**
Steven Stamboultgis	2015	143,174	-	-	-	11,568	-	-	**154,742**
	2016	**1,833,641**	**72,027**	**313,257**	**116,115**	**25,327**	**149,047**	**5.9**	**2,509,414**
	2015	**1,232,460**	**-**	**807**	**103,563**	**45,435**	**271,970**	**16.4**	**1,654,235**

(i) There were 200,000 options issued to key management personnel during financial year ended 30 June 2016 (2015: nil). To note, these options have an effective Grant date of 1 May 2015, however they were only authorised for issue in August 2015.

Key management personnel's share-based compensation

2016	Grant Date	Granted number	Value per option at grant date(i)	Vest number during the year	Vest %	Value exercised during the year(ii)	Number lapsed during year	Terms and conditions for each grant			
								Exercise price $	Expiry date	First exercise date	Last exercise date
Directors											
Benjamin Churchill(iii)	11/12/2013	2,000,000	$ 0.08	450,000	23%	-	-	$ 0.20	31/12/2018	11/01/2014	11/12/2015
Benjamin Churchill(iii)	11/12/2013	2,000,000	$ 0.06	450,000	23%	-	-	$ 0.24	31/12/2018	11/01/2014	11/12/2015
Benjamin Churchill(iii)	11/12/2013	2,000,000	$ 0.04	450,000	23%	-	-	$ 0.30	31/12/2018	11/01/2014	11/12/2015
Robert Gordon Cumming	7/04/2009	300,000	$ -	-	0%	-	300,000	$ 0.20	7/10/2015	7/04/2010	7/04/2013
Robert Gordon Cumming(iv)	30/06/2012	3,000,000	$ -	700,000	23%	-	-	$ 0.20	30/06/2017	30/06/2013	30/06/2016
Robert Gordon Cumming(iv)	30/06/2013	3,000,000	$ -	700,000	23%	-	-	$ 0.20	30/06/2018	30/06/2014	30/06/2017
Robert Gordon Cumming(iv)	30/04/2011	8,000,000	$ -	-	26%	$ 5,120,000	-	$ 0.20	31/12/2015	30/04/2012	30/04/2015
Robert Gordon Cumming(iv)	6/06/2014	3,000,000	$ 0.07	700,000	23%	-	-	$ 0.20	6/06/2019	6/06/2015	6/06/2018
David Bruce Burlington(v)	5/10/2012	1,700,000	$ -	-	0%	-	-	$ 0.20	9/08/2017	5/11/2012	5/10/2014
Russell William Bate(vi)	9/08/2012	1,000,000	$ -	-	0%	-	-	$ 0.20	9/08/2017	9/09/2012	9/08/2013
Russell William Bate	9/08/2012	1,000,000	$ -	-	0%	-	-	$ 0.20	9/08/2017	9/09/2012	9/08/2013
Other key management personnel											
Adam Bate	7/04/2009	200,000	$ -	-	0%	$ 157,000	-	$ 0.20	7/10/2015	7/04/2010	7/04/2013
Adam Bate(iv)	10/10/2011	2,500,000	$ -	194,444	8%	-	-	$ 0.20	10/10/2016	10/10/2012	10/10/2015
Julian Boot	7/04/2009	200,000	$ -	-	0%	$ 75,000	100,000	$ 0.20	7/10/2015	7/04/2010	7/04/2013
Julian Boot(iv)	10/10/2011	3,000,000	$ -	233,333	8%	-	-	$ 0.20	10/10/2016	10/10/2012	10/10/2015
Mark Hough(vi)(vii)	01/05/2015	200,000	$ 0.53	200,000	100%	-	-	$ 1.00	31/12/2018	31/05/2015	30/04/2016

Key management personnel's share-based compensation continued

i. The value of shares in Urbanise prior to financial year 2014 were considered to have no value therefore options granted in the years preceding financial year 2014 were valued at nil.
ii. Robert Gordon Cumming converted 8,000,000 share options on 29 December 2015 at a value of $0.64 per share being the share price of Urbanise at that date. Adam Bate converted 200,000 share options on 29 September 2015 at a value of $0.79 per share being the share price of Urbanise at that date. Julian Boot converted 100,000 share options on 7 October 2015 at a value of $0.75 per share being the share price of Urbanise at that date.
iii. The options granted were issued with options to vest in equal instalments over 24 months.
iv. The options granted were issued with terms of 30% to vest where the option holder remains an employee at the end of the first year and the remaining 70% to vest on a pro-rata basis on the last day of each calendar month over the next 3 years where an option holder remains an employee on that day.
v. The options granted were issued with options to vest in equal instalments over 24 months.
vi. The options granted were issued with options to vest in equal instalments over 12 months.
vii. These options were only authorised for issue to the employee in August 2015 however the grant date for accounting purposes is considered to be 1 May 2015.

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

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

Share options held by key management personnel

2016 Name	Balance at 1 July 2015 Number	Share split Number	Granted as compensation Number	Options converted Number	Options transferred/forfeited Number	Balance at 30 June 2016 Number	Balance vested at 30 June 2016 Number	Vested and exercisable Number
Directors								
Benjamin Churchill	6,000,000	-	-	-	-	6,000,000	6,000,000	6,000,000
Robert Gordon Cumming[i]	17,300,000	-	-	(8,000,000)	(300,000)	9,000,000	6,900,000	6,900,000
Russell William Bate	2,000,000	-	-	-	-	2,000,000	2,000,000	2,000,000
David Bruce Burlington	1,400,000	-	-	-	-	1,400,000	1,400,000	1,400,000
Other key management personnel								
Adam Bate[ii]	2,700,000	-	-	(200,000)	-	2,500,000	2,500,000	2,500,000
Julian Boot[iii]	3,200,000	-	-	(100,000)	(100,000)	3,000,000	3,000,000	3,000,000
Mark Hough[iv]	-	-	200,000	-	-	200,000	200,000	200,000

2015 Name	Balance at 1 July 2014 Number	Share split Number	Granted as compensation Number	Options converted Number	Options transferred/forfeited	Balance at 30 June 2015 Number	Balance vested at 30 June 2015 Number	Vested and exercisable Number
Directors								
Arlene M Tansey	40,000	-	-	-	(40,000)	-	-	-
Benjamin Churchill	300,000	5,700,000	-	-	-	6,000,000	4,650,000	4,650,000
Robert Gordon Cumming	865,000	16,435,000	-	-	-	17,300,000	13,100,000	13,100,000
Russell William Bate	100,000	1,900,000	-	-	-	2,000,000	2,000,000	2,000,000
David Bruce Burlington	85,000	1,615,000	-	(300,000)	-	1,400,000	1,400,000	1,400,000
Other key management personnel								
Adam Bate	135,000	2,565,000	-	-	-	2,700,000	2,505,556	2,505,556
Julian Boot	160,000	3,040,000	-	-	-	3,200,000	2,966,667	2,966,667

Share options held by key management personnel continued

i. Robert Gordon Cumming converted 8,000,000 share options on 29 December 2015 at an exercise price of $0.20. In addition, 300,000 share options held lapsed on 7 October 2015.
ii. Adam Bate converted 200,000 share options on 29 September 2015 at an exercise price of $0.20.
iii. Julian Boot converted 100,000 share options on 7 October 2015 at an exercise price of $0.20. On 7 October 2015 100,000 share options held by Julian Boot lapsed in accordance with the Employee Option Plan.
iv. These options were only authorised for issue to the employee in August 2015 however the grant date for accounting purposes is considered to be 1 May 2015.

Shares held by key management personnel

Shares held by key management personnel are disclosed in the table further below:

i. Robert Gordon Cumming converted 8,000,000 share options on 29 December 2015 at an exercise price of $0.20.
ii. Adam Bate converted 200,000 share options on 29 September 2015 at an exercise price of $0.20.
iii. Julian Boot converted 100,000 share options on 7 October 2015 at an exercise price of $0.20.

Shares held by key management personnel continued

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

2015 Name	Balance at 1 July 2014 Number	Conversion of B preference shares including early conversion shares	Share split Number	Share adjustments issued Number	Exercise of compensation options Number	Acquired/ (disposed) Number	Balance at 30 June 2015 Number
Directors							
Benjamin Churchill	55,000	-	1,045,000	201,550	-	-	1,301,550
Robert Gordon Cumming	158,875	484	3,027,821	2,582,273	-	-	5,769,453
Russell William Bate	-	-	-	500,969	-	-	500,969
David Bruce Burlington	-	-	-	33,319	300,000	(239,865)	93,454
Other key management personnel							
Adam Bate	15,000	-	285,000	52,918	-	(200,000)	152,918
Julian Boot	15,500	-	294,500	62,718	-	(200,000)	172,718
Mark Hough	-	-	-	-	-	140,000	140,000
Steven Stamboultgis	-	-	-	-	-	100,000	100,000

Loans to key management personnel

There were no loans issued to or from key management personnel during financial year 2016 (2015: nil).

Other transactions with key management personnel

There were no other transactions with key management personnel during financial year 2016 (2015: nil) other than those already stated.

---------------------------------------End of the audited remuneration report--

Rounding of amounts

The parent entity and the consolidated entity 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 thousand dollars, or in certain cases, 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

Russell William Bate
Non-executive Director
Melbourne, 25 August 2016

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

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

PITCHER PARTNERS

URBANISE.COM LIMITED AND CONTROLLED ENTITIES

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

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(ii) No contraventions of any applicable code of professional conduct.

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

P A JOSE
Partner
Date 25 August 2016

PITCHER PARTNERS
Melbourne

An independent Victorian Partnership ABN 27 975 255 196
Level 19, 15 William Street, Melbourne VIC 3000
Liability limited by a scheme approved under Professional Standards Legislation

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue and other income			
Sales revenue	3	8,319,160	9,245,038
Other income	3	1,524,509	924,238
		9,843,669	10,169,276
Less: expenses			
Cost of sales		(2,460,975)	(238,428)
Depreciation and amortisation expenses	4	(1,767,240)	(1,012,544)
Employee benefits expense	4	(10,211,942)	(4,375,531)
Lease expense		(686,163)	(179,337)
Finance costs	4	(3,792)	(2,119)
Foreign Exchange (loss)/gain		(255,651)	30,032
Travel expenses		(1,201,956)	(679,291)
Professional fees		(1,001,535)	(961,241)
Advertising and Promotion Expenses		(375,923)	(518,118)
Subscription expenses		(873,788)	(193,301)
Warranty and earn-out shares	4	(1,663,292)	-
Other expenses		(1,141,553)	(462,487)
Profit/(loss) before tax		(11,800,141)	1,576,911
Income tax (expense)/benefit	5	2,509,548	(856,926)
Profit/(loss) for the year		**(9,290,593)**	**719,985**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(117,494)	31,875
Other comprehensive income for the year net of income tax		(117,494)	31,875
Total comprehensive income for the year		**(9,408,087)**	**751,860**
Profit/(loss) for the year attributable to:			
Owners of the parent		(9,408,087)	751,860
		(9,408,087)	751,860
Total comprehensive income attributable to:			
Owners of the parent		(9,408,087)	751,860
		(9,408,087)	751,860
Earnings/(loss) per share			
From continuing operations:			
Basic (cents per share)		(3.85)	0.34
Diluted (cents per share)		(3.85)	0.28

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

	Note	30 Jun 2016 $	30 Jun 2015 $
Current assets			
Cash and cash equivalents	21	7,789,740	12,243,193
Trade and other receivables	6	8,030,415	4,429,131
Other assets	7	1,849,169	850,544
Inventory	8	593,563	30,498
Total current assets		**18,262,887**	**17,553,366**
Non-current assets			
Property, plant and equipment	9	590,733	1,146,799
Intangible assets	10	14,527,284	14,415,730
Goodwill	10	12,216,795	11,736,467
Deferred tax assets	5	2,803,267	704,276
Other non-current assets	6	5,056,667	6,749,638
Total non-current assets		**35,194,746**	**34,752,910**
Total assets		**53,457,633**	**52,306,276**
Current liabilities			
Trade and other payables	11	1,460,898	1,609,389
Provisions	12	1,193,272	1,001,881
Current tax payable	5	-	111,788
Other liabilities	13	1,263,338	2,131,554
Total current liabilities		**3,917,508**	**4,854,612**
Non-current liabilities			
Provisions	12	17,246	39,747
Total non-current liabilities		**17,246**	**39,747**
Total liabilities		**3,934,754**	**4,894,359**
Net assets		**49,522,879**	**47,411,917**
Equity			
Issued capital and contributed equity	16	65,668,289	54,682,201
Employee option reserve	17	1,906,837	1,446,919
Foreign currency translation reserve	17	(85,619)	31,875
Accumulated losses	18	(17,966,628)	(8,749,078)
Total equity		**49,522,879**	**47,411,917**

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
	$	$	$	$	$
Balance at 1 July 2014	**20,764,738**	**210,894**	**-**	**(9,469,063)**	**11,506,569**
Profit/(loss) for the period	-	-	-	719,985	719,985
Foreign currency reserve	-	-	31,875	-	31,875
Total comprehensive income for the period	**-**	**-**	**31,875**	**719,985**	**751,860**
Transactions with owners in their capacity as owners					
Shares issued during the period	20,000,000	-	-	-	20,000,000
Share issue costs	(2,311,369)	-	-	-	(2,311,369)
Tax effect of IPO costs	454,350	-	-	-	454,350
Shares issued as consideration	15,130,482	-	-	-	15,130,482
Underwriter options	-	796,868	-	-	796,868
Options converted	644,000	-	-	-	644,000
Recognition of share-based payments	-	439,157	-	-	439,157
Balance at 30 June 2015	**54,682,201**	**1,446,919**	**31,875**	**(8,749,078)**	**47,411,917**
Balance at 1 July 2015	**54,682,201**	**1,446,919**	**31,875**	**(8,749,078)**	**47,411,917**
Profit/(loss) for the period	-	-	-	(9,290,593)	(9,290,593)
Foreign currency reserve	-	-	(117,494)	-	(117,494)
Total comprehensive income for the period	**-**	**-**	**(117,494)**	**(9,290,593)**	**(9,408,087)**
Transactions with owners in their capacity as owners					
Options converted	1,820,000	-	-	-	1,820,000
Private placement	6,500,000	-	-	-	6,500,000
Cost of share issue	(105,262)	-	-	-	(105,262)
Warranty and earn-out shares	2,771,350	-	-	-	2,771,350
Recognition of share-based payments	-	459,918	-	-	459,918
Sale of subsidiary	-	-	-	73,043	73,043
Balance at 30 June 2016	**65,668,289**	**1,906,837**	**(85,619)**	**(17,966,628)**	**49,522,879**

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 2016

		2016	2015
		$	**$**
Cash flows from operating activities			
Receipts from customers		7,267,074	2,872,720
Payments to suppliers and employees		(18,379,182)	(8,767,898)
Interest received		203,543	347,384
Operating grants received		569,899	87,897
R&D tax refund		181,558	-
Tax paid		(181,558)	-
Interest paid		(3,792)	(2,119)
Net cash used in operating activities	21	(10,342,458)	(5,462,016)
Cash flows from investing activities			
Payments for property, plant & equipment		(361,454)	(1,067,631)
Payments for intangible assets		(1,679,224)	(795,327)
Loans to related parties		-	(52,000)
Net cash used in investing activities		(2,040,678)	(1,914,958)
Cash flows from financing activities			
Proceeds from issue of shares		8,320,000	20,644,000
Payments for share issue costs		(105,262)	(1,514,501)
Net cash provided by financing activities		8,214,738	19,129,499
Net increase/(decrease) in cash and cash equivalents		(4,168,398)	11,752,525
Cash and cash equivalents at the beginning of the period		12,243,193	582,782
Effect of sale of subsidiary		(1,089)	-
Effect of movement in exchange rates on cash balances		(283,966)	(92,114)
Cash and cash equivalents at the end of the period		**7,789,740**	**12,243,193**

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

1. Significant accounting policies

General information

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

Statement of compliance

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

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

Compliance with IFRS

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

The financial statements were authorised for issue by the Directors on 25 August 2016.

Basis of preparation

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

Basis of consolidation

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

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Going concern

For the financial year ended 30 June 2016, the Group produced a net loss after tax of $8,906,206. The Group has a strong net asset position of $49,907,266 at reporting date in addition to cash reserves of $7,789,740 with no external debt or borrowings. In addition, the percentage conversion of revenue to cash was 81% for the year.

At the date of this report and having considered the above factors, the Directors believe that the Group will be able to continue as a going concern.

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

(a) Borrowing costs

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

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

(b) Cash and cash equivalents

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

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

(c) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick 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 consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

Share-based payments

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

Bonus plan

The consolidated entity 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 consolidated entity recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(d) Fair Value

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

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

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

(e) Financial Instruments

Classification

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

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

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

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

Financial assets at fair value through profit or loss

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

Loans and deferred trade receivables

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

Available-for-sale

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

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

Financial liabilities

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

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

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

Impairment of financial assets

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

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

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

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

Interest and dividends

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

Classification as debt or equity

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

Equity instruments

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

(f) Foreign currency

Functional and presentation currency

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

Transactions and Balances

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

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

Foreign subsidiaries

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

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

(g) Intangible assets

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

Intellectual Property

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

Research and Development

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

- Technical feasibility of completing development of the software for sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- Availability of adequate technical, financial and other resources to complete development of the software;
- Reliable measurement of expenditure attributable to the product during its development; and
- High probability of the software being used by current or new customers.

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

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

Goodwill

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

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

Trademarks and licences

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

Customer relationships

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

(h) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes indicate that they might be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its value in use less costs to sell and value in use.

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

(i) Income taxes

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

Tax consolidation

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

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

(j) Inventories

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

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

Leasehold improvements and property, plant and equipment

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

Depreciation

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

Amortisation

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

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

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

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

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

(m) Revenue

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

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

Interest income

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

Government grants

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates unless there are specific performance conditions which must be met before the loan will convert into a grant, in which case the unconverted portion of the loan will be treated as a loan.

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

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

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

(n) Goods and services tax

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

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

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

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

(o) Share-based payments

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

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

(p) Earnings per share

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

(q) Leases

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

Finance leases

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.
Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

(r) Business combinations

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

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

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

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

Acquisition related costs are expensed as incurred.

(s) Comparatives

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

(t) Rounding of amounts

The parent entity and the consolidated entity 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 thousand dollars, or in certain cases, to the nearest dollar.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

The key critical accounting estimates and judgments are:

Fair value of financial instruments

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

Impairment of tangible assets

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

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

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

Useful lives of tangible assets

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

Recoverability of internally generated intangible asset

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible assets arising from the development of an e-Commerce platform for service companies, property managers and building owners alongside the development of a web-based integrated building management system (IBMS).

The projects continue to progress in a satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the project. The directors are not aware of any activity in the market that would cause them to reconsider their assumptions and anticipated margins on these products. The directors are confident that the carrying amount of the asset will be recovered in full. The market will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Impairment of goodwill

Goodwill is allocated to CGUs according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. For the Mystrata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 44% for year one, 58% in year two, 12% in year three, 10% in year four, 8% in year five, a terminal growth rate of 4% and a discount rate of 12% to determine value in use. This is largely driven by recent contract wins with revenue maturing in the first two years.

Income tax

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

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

Discount of non-current debtors

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

Provision for impairment of trade receivables

Trade receivables are assessed on an individual based on historical patterns and communication with customers. Where uncertainty lies in relation to cash receipts, management have assessed that a 25% impairment of trade receivables is reasonable and prudent.

Share-based payments

The calculation of the fair value of options issued requires significant estimates to be made in regards to several variables such as volatility, dividend policy and the probability of options reaching their vesting period. The Group measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted and expected vesting period. The estimations made are subject to variability that may alter the overall fair value determined.

Employee entitlements

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

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

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

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

Standards and interpretations in issue but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 15 Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

These amendments are applicable for annual reporting periods commencing on or after 1 January 2016. They are not expected to significantly impact the Group's financial statements.

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

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

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

These amendments are applicable for annual reporting periods commencing on or after 1 January 2016. They are not expected to significantly impact the Group's financial statements.

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

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

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

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

AASB 16: Leases

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

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

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

These amendments are applicable for annual reporting periods commencing on or after 1 January 2019. Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. Segment information

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

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

i. Urbanise – Platform licensing and professional services
ii. Mystrata – Building financial management platform

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

2.1 Revenue and results

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

	Segment revenue		**Segment result**	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Continuing operations				
Urbanise	5,516,469	9,031,238	(3,607,098)	4,801,850
Mystrata	2,802,691	213,800	(498,539)	(16,425)
Total of all segments	**8,319,160**	**9,245,038**	**(4,105,637)**	**4,785,425**
Corporate expenses			(5,107,810)	(2,696,436)
Warranty and earn-out shares			(1,663,292)	-
Depreciation and amortisation			(1,767,240)	(1,012,544)
Interest revenue			847,630	502,585
Income tax (expense)/benefit			2,509,548	(856,926)
Finance costs			(3,792)	(2,119)
Profit/(loss) after tax			**(9,290,953)**	**719,985**

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

The assets and liabilities of the Group collaboratively support the various segment revenues generated by the Group. The revenue reported above represents the revenue generated from external customers. Segment result represents the profit or loss incurred by each segment without the allocation of corporate costs, interest revenue, finance costs, income tax expense, R&D grants/claims, amortisation and depreciation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The total amount of external revenue derived from major customers where the revenue is greater than 10% is $4,094,282 (2015: $7,429,458). Revenue from these customers is included in the segment note above and relates to Urbanise customers only. Mystrata Middle East FZ LLC contributed $1,239,975 in revenue to the Urbanise Group.

2.2 Segment assets and liabilities

	Segment assets		Segment liabilities	
	2016	2015	2016	2015
	$	$	$	$
Continuing operations				
Urbanise	34,197,932	33,510,733	2,632,585	3,316,922
Mystrata	19,259,701	18,795,543	1,302,169	1,577,437
Segment total	**53,457,633**	**52,306,276**	**3,934,754**	**4,894,359**

2.3 Other segment information

	Depreciation & amortisation		Additions to non-current assets	
	2016	2015	2016	2015
	$	$	$	$
Urbanise	1,192,308	1,008,595	1,822,484	1,829,848
Mystrata	574,932	3,949	218,194	6,107,014
Consolidated total	**1,767,240**	**1,012,544**	**2,040,678**	**7,936,862**

3. Revenue

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

	2016	2015
	$	$
Sales revenue		
Platform license income and activation fees	8,074,164	9,096,113
Professional services	244,996	148,925
	8,319,160	**9,245,038**
Other income		
Interest received	847,630	502,585
Export market development grant	103,860	179,897
Research and development refund	572,369	241,756
Other	650	-
Total other income	**1,524,509**	**924,238**

4. Profit from continuing operations

	2016	2015
	$	$
Depreciation of non-current assets		
Other plant and equipment	107,267	21,827
Devices	39,101	22,674
Total depreciation of non-current assets	**146,368**	**44,501**
Amortisation of non-current assets		
Intellectual property	1,204,243	654,140
Research and development	364,648	308,379
Leasehold improvements	51,981	5,524
Total amortisation of non-current assets	**1,620,872**	**968,043**
Employee benefits expense		
Share-based payments	459,918	439,157
Contractors	1,140,153	948,786
Other employee benefits	8,611,871	2,987,588
Total employee benefits expense	**10,211,942**	**4,375,531**
Finance costs		
Interest expense	3,792	2,119
Total finance costs	**3,792**	**2,119**
Significant or unusual items		
IPO costs	-	104,791
Mystrata Acquisition costs	-	283,480
Warranty and earn-out shares	1,663,292	-
Total significant and unusual items	**1,663,292**	**388,271**

Warranty and earn-out shares expense relate to the settlement of the purchase price of the Mystrata Group acquired on 1 June 2015. On 21 June 2016, 6,445,000 shares were issued to Mystrata shareholders at a value of $2,771,350.

5. Income taxes

	2016	2015
	$	$
(a) Components of tax expense		
Current tax	-	111,788
Deferred tax	(2,579,318)	745,138
Under/(over) provision in prior years	69,770	-
Total tax benefit / (expense)	**(2,509,548)**	**856,926**
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Accounting profit/(loss) before income tax	(11,800,141)	1,576,911
Income tax expense/(benefit) calculated at 30% (2015: 30%)	(3,540,043)	473,073
Add tax effect of:		
Foreign entity tax losses not brought to account	348,690	62,139
Non-deductible items	189,500	144,564
Non-deductible Mystrata acquisition costs	498,988	85,044
Accounting loss on sale of subsidiary	10	-
R&D eligible expenditure	120,612	65,840
Additional R&D Capitalised	-	158,332
Under/(over) provision in prior years	69,770	-
Correction to opening DTA/DTL from timing differences	(25,365)	99,311
	1,202,205	**615,230**
Less tax effect of:		
Non-assessable estimated R&D refund	(171,710)	72,527
Amortisation on purchased IP (not previously booked up to 30/6/14)	-	158,796
Other non-assessable items	-	54
	(171,710)	**231,377**
Income tax (benefit)/expense attributable to profit	**(2,509,548)**	**856,926**
(c) Current tax		
Current tax relates to the following:		
Opening balance	111,788	-
Under/(over) provision in prior years	69,770	-
Tax payments	(181,558)	-
Income tax	-	111,788
Current tax liability	**-**	**111,788**
(d) Recognised deferred assets and tax liabilities		
The following deferred tax balances have been recognised:		
Deferred tax assets		
Provisions	279,975	231,943
Accrued expenses	172,755	47,709
Unrealised foreign exchange gain	(89,037)	(68,771)
Intellectual Property	478,183	356,054
Other	38,574	-
IPO costs (deducted over 5 years)	299,642	399,523
Tax losses	2,615,603	312,960
Deferred tax liabilities		
Capitalised Research and development	(585,809)	(544,690)
Mystrata IP	(376,620)	-
Other	(29,999)	(30,452)
Net deferred tax assets/(liabilities)	**2,803,267**	**704,276**

Income tax continued

	2016	2015
	$	$
(e) Deferred income tax (revenue) /expense included in income tax expense comprises		
Decrease/(increase) in deferred tax assets	(2,516,277)	938,780
(Decrease)/increase in deferred tax liabilities	(63,041)	(193,642)
	(2,579,318)	**745,138**
(f) Deferred income tax related to items charged or credited directly to equity		
Decrease/(increase) in deferred tax assets	-	(454,350)
	-	**(454,350)**
(g) Reconciliation of deferred income tax related to items charged or credited directly to equity		
IPO Costs	-	(454,350)
	-	**(454,350)**
(h) Deferred tax asset acquired through business combination		
Decrease/(increase) in deferred tax assets	**480,328**	**(23,600)**
(i) Deferred tax assets not brought to account		
Foreign entity tax losses - difference in overseas tax rate	**90,394**	**35,185**

Tax consolidation

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

6. Trade and other receivables

	2016	2015
Current	**$**	**$**
Trade receivables	7,324,187	3,545,338
Provision for impairment	(91,632)	-
Other receivables	797,860	883,793
Total current trade and other receivables	**8,030,415**	**4,429,131**
Non-current		
Trade receivables non-current	5,056,667	6,749,638
Total non-current trade and other receivables	**5,056,667**	**6,749,638**
Age of receivables that are past due but not impaired		
31-60 days	118,908	155,254
61-90 days	408,510	314,589
90+ days	923,486	821,672
Total age of receivables that are past due but not impaired	**1,450,904**	**1,291,515**

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

All other trade receivables are non-interest bearing and are generally 30 day terms. An allowance is made when there is objective evidence that a trade receivable is impaired.

7. Other assets

	2016	2015
	$	**$**
Prepayments	1,560,554	575,125
Other	236,615	223,419
Loans to related parties	52,000	52,000
Total other current assets	**1,849,169**	**850,544**

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

8. Inventories

	2016	2015
	$	**$**
Consumables	5,883	30,498
Finished goods	637,680	-
Provision for stock write-off	(50,000)	-
Total inventories	**593,563**	**30,498**

During financial year 2016, management have provided for a potential stock write-off of $50,000.

9. Property, plant and equipment

	Hardware Devices	Other plant and equipment at cost	Leasehold improvements at cost	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2014	**-**	**233,057**	**-**	**233,057**
Additions	787,360	107,394	172,877	1,067,631
Acquisitions through business combinations	-	77,562	26,341	103,903
Disposals	-	(62,957)	-	(62,957)
Effect of foreign currency exchange differences	-	(9)	(9)	(18)
Balance at 30 June 2015	**787,360**	**355,047**	**199,209**	**1,341,616**
Accumulated depreciation and impairment				
Balance at 1 July 2014	**-**	**(199,350)**	**-**	**(199,350)**
Depreciation expense	(22,674)	(21,827)	-	(44,501)
Amortisation expense	-	-	(5,524)	(5,524)
Depreciation on disposal	-	54,568	-	54,568
Effect of foreign currency exchange differences	-	(6)	(4)	(10)
Balance at 30 June 2015	**(22,674)**	**(166,615)**	**(5,528)**	**(194,817)**
Net book value				
As at 30 June 2014	-	33,707	-	33,707
Balance at 30 June 2015	**764,686**	**188,432**	**193,681**	**1,146,799**
Gross carrying amount				
Balance at 1 July 2015	**787,360**	**355,047**	**199,209**	**1,341,616**
Additions	106,987	212,017	42,450	361,454
Transferred to finished goods	(606,251)	-	-	(606,251)
Disposals	(109,967)	(126,547)	-	(236,514)
Effect of foreign currency exchange differences	-	402	-	402
Balance at 30 June 2016	**178,129**	**440,919**	**241,659**	**860,707**
Accumulated depreciation and impairment				
Balance at 1 July 2015	**(22,674)**	**(166,615)**	**(5,528)**	**(194,817)**
Depreciation expense	(39,101)	(107,267)	-	(146,368)
Amortisation expense	-	-	(51,981)	(51,981)
Depreciation on devices transferred to finished goods	3,451	-	-	3,451
Depreciation on disposal	10,054	109,049	-	119,103
Effect of foreign currency exchange differences	-	638		638
Balance at 30 June 2016	**(48,270)**	**(164,195)**	**(57,509)**	**(269,974)**
Net book value				
Balance at 30 June 2015	764,686	188,432	193,681	1,146,799
Balance at 30 June 2016	**129,859**	**276,724**	**184,150**	**590,733**

10. Intangible assets

	Intellectual property at cost $	Development at cost $	Trademarks $	Goodwill $	Customer relationships $	Total $
Gross carrying amount						
Balance at 1 July 2014	**6,579,629**	**3,083,788**	**-**	**-**	**-**	**9,663,417**
Additions	234,443	560,884	-	-	-	795,327
Acquisitions through business combinations	4,960,000	-	790,000	11,736,467	220,000	17,706,467
Balance at 30 June 2015	**11,774,072**	**3,644,672**	**790,000**	**11,736,467**	**220,000**	**28,165,211**
Accumulated amortisation and impairment						
Balance at 1 July 2014	**(529,320)**	**(521,175)**	**-**	**-**	**-**	**(1,050,495)**
Amortisation expense	(654,140)	(308,379)	-	-	-	(962,519)
Balance at 30 June 2015	**(1,183,460)**	**(829,554)**	**-**	**-**	**-**	**(2,013,014)**
Net book value						
As at 30 June 2014	6,050,309	2,562,613	-	-	-	8,612,922
Balance at 30 June 2015	**10,590,612**	**2,815,118**	**790,000**	**11,736,467**	**220,000**	**26,152,197**
Gross carrying amount						
Balance at 1 July 2015	**11,774,072**	**3,644,672**	**790,000**	**11,736,467**	**220,000**	**28,165,211**
Additions	33,370	1,592,986	52,868	-	-	1,679,224
Business acquisition adjustment	-	-	-	480,328	-	480,328
Effect of foreign currency exchange differences	-	1,156	-	-	-	1,156
Balance at 30 June 2016	**11,807,442**	**5,238,814**	**842,868**	**12,216,795**	**220,000**	**30,325,919**
Accumulated amortisation and impairment						
Balance at 1 July 2015	**(1,183,460)**	**(829,554)**	**-**	**-**	**-**	**(2,013,014)**
Amortisation expense	(1,180,381)	(364,648)	(29)	-	(23,833)	(1,568,891)
Effect of foreign currency exchange differences	-	65	-	-	-	65
Balance at 30 June 2016	**(2,363,841)**	**(1,194,137)**	**(29)**	**-**	**(23,833)**	**(3,581,840)**
Net book value						
As at 30 June 2015	10,590,612	2,815,118	790,000	11,736,467	220,000	26,152,197
Balance at 30 June 2016	**9,443,601**	**4,044,677**	**842,839**	**12,216,795**	**196,167**	**26,744,079**

Under AASB136 *Impairment of Assets*, the consolidated entity undertook impairment testing of the relevant cash generating units (CGU's) as required. Impairment testing was performed at 30 June 2016 to support the carrying value of intangible assets. No reasonable change in the key assumptions of the value in use would result in impairment.

Goodwill is allocated to CGUs according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. For the Mystrata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 44% for year one, 58% in year two, 12% in year three, 10% in year four, 8% in year five, a terminal growth rate of 4% and a discount rate of 12% to determine value in use. This is largely driven by recent contract wins with revenue maturing in the first two years.

The carrying value of goodwill relates to Mystrata only. Trademarks for Urbanise amount to a carrying value of $52,839 with the balance of $790,000 being attributable to Mystrata.

11. Trade and other payables

	2016	2015
	$	$
Trade payables	721,741	1,054,698
Accrued expenses	632,971	284,590
Other payables	106,186	230,293
Loans from associates	-	39,808
Total trade and other payables	**1,460,898**	**1,609,389**

12. Provisions

	2016	2015
	$	$
Current		
Employee leave(i)	820,385	687,407
Gratuity provision(ii)	368,675	283,964
Other employee provisions(iii)	4,212	30,510
Total current provisions	**1,193,272**	**1,001,881**
Non-current		
Employee leave(i)	17,246	39,747
Total non-current provisions	**17,246**	**39,747**

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

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

(iii) Other employee provisions relate to an annual airfare allowance for those employees based in United Arab Emirates.

13. Other liabilities

	2016	2015
	$	$
Deferred revenue(i)	1,263,338	1,023,496
Earn out deferred settlement (refer to note 23)	-	1,108,058
Total other liabilities	**1,263,338**	**2,131,554**

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

14. Discontinued operations

Effective 1 July 2015, Urbanise relinquished ownership of Mystrata Malaysia Sdn Bhd, transferring 100% of the shares held. The Mystrata Malaysia business had traditionally been a partnership in the former Mystrata Group whereby the Malaysian parties acted like a reseller, relying on the software and marketing of the parent business and making sales on their behalf while paying a royalty fee to Mystrata. A number of months after Urbanise gained control of Mystrata Malaysia, it was decided that commercially, whilst management wanted to maintain a presence in the market and generate revenue growth, the Group did not have the required resources to locally manage the company. Management made the decision to transfer the ownership of the company and replace it with a reseller agreement, thereby providing the same access to markets and resource whilst saving the direct costs associated with ownership and the statutory reporting required for a business.

For the year ended 30 June 2016, there was no profit or loss on ordinary shares attributable to the discontinued operation. Net liabilities of $73,002 and a loss on transfer of shares of $35 were attributable to discontinued operations. There were also no cash flow activities for the entity during the year ended 30 June 2016.

15. Business combinations

On 1 June 2015, Urbanise acquired 100% of the share capital of Mystrata Holdings Pty Limited and its fully owned subsidiaries. Mystrata operates a platform technology business which compliments Urbanise's current technology platform. The relevant technology allows customers to manage portfolios of apartment buildings, condominiums, co-ops, housing estates and commercial towers and includes the Strataware management, communication, accounting platform and the MyCommunity platform of websites and secure portals that integrate with Strataware.

The owners of Mystrata have been issued 12,301,095 fully paid ordinary shares at a fair value of $15,130,482 as part of the consideration. The issue price of $1.23 was based on the quoted price at the date of the business combination.

At 30 June 2015, it was noted that there were potential additional shares in Urbanise to be issued to Mystrata owners where certain earn-out targets were met and provided warranty or indemnity claims did not exceed a specified limit. On 21 June 2016, there was an agreed final settlement in relation to the earn-out and warranty share adjustment. 6,445,000 shares were issued to Mystrata shareholders at a market value of $2,771,350.

16. Issued capital and contributed equity

Issued and paid up capital

	2016 $	2015 $
258,122,399 (30 June 2015: 232,527,399) Fully paid ordinary shares	65,668,289	54,682,201

Ordinary shares

	2016 No.	2016 $	2015 No.	2015 $
Opening balance	232,527,399	54,682,201	4,408,000	4,704,293
Unissued shares from employee share options	-	-	-	10,000
Conversion of share options(i)	9,150,000	1,820,000	3,170,000	634,000
Conversion from preference shares	-	-	4,264,047	16,060,445
Share split 20:1	-	-	164,768,893	-
Option amendment deed consideration	-	-	3,615,254	-
Issue of shares from IPO	-	-	40,000,000	20,000,000
Share issue costs	-	-	-	(2,311,369)
Tax effect on IPO costs	-	-	-	454,350
Warranty and earn-out shares(ii)	6,445,000	2,758,890	12,301,205	15,130,482
Private placement(iii)	10,000,000	6,407,198	-	-
Closing balance	**258,122,399**	**65,668,289**	**232,527,399**	**54,682,201**

i. Conversion of share options – There were 9,150,000 share options converted to ordinary shares during financial year ended 30 June 2016. Refer to options section below.

ii. Warranty and earn-out shares - On 21 June 2016, there was an agreed final settlement in relation to the purchase price of Mystrata Group, acquired 1 June 2015. The earn-out and warranty share adjustment agreed settlement resulted in an issuance of 6,445,000 shares to Mystrata shareholders at a market value of $2,771,350. Share issue costs were incurred of $12,460 as a result.

iii. On 2 February 2016, Urbanise completed a private share placement of 10 million shares at $0.65 per share raising capital of $6.5 million. Share issue costs were incurred of $92,802 as a result.

Preference shares

	2016 No.	2016 $	2015 No.	2015 $
Opening balance	-	-	3,492,307	16,060,445
Issue of shares from convertible loans	-	-	-	-
Consideration from early conversion	-	-	771,740	-
Conversion to ordinary shares	-	-	(4,264,047)	(16,060,445)
Closing balance	**-**	**-**	**-**	**-**

Options

	2016 No.	2016 $	2015 No.	2015 $
Opening balance	43,776,405	1,446,919	2,026,000	210,894
Share based payments	-	459,918	-	439,157
Options granted over ordinary shares(i)	490,000	-	1,000,000	-
Share split 20:1	-	-	38,494,000	-
Board member options	-	-	400,000	-
Underwriting options	-	-	5,426,405	796,868
Options expired(ii)	(400,000)	-	(400,000)	-
Options converted(iii)	(9,150,000)	-	(3,170,000)	-
Closing balance	**34,716,405**	**1,906,837**	**43,776,405**	**1,446,919**

i. During financial year ended 30 June 2016, there were three lots of share options issued. On 13 August 2015, there were 200,000 options issued at an exercise price of $1.00 per share. These share options were effective of 1 May 2015. On 15 December 2015, 190,000 options were issued at an exercise price of $0.69 per share. On 29 April 2016, 100,000 options were issued at an exercise price of $0.40 per share.

ii. Two lots of share options of 300,000 and 100,000, at an exercise price of $0.20 per share, expired during financial year ended 30 June 2016 with an expiry date of 7 October 2015.

iii. 9,150,000 share options at an exercise price of $0.20 were converted to shares during financial year ended 30 June 2016.

Issued capital and contributed equity continued

Capital management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from the 2015 financial year. The capital structure of the Group can, at various times, consist of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures including tax and general administrative outgoings.

17. Reserves

	2016 $	2015 $
Foreign currency translation reserve	(85,619)	31,875
Employee share options reserve	1,906,837	1,446,919
Total Reserves	**1,821,218**	**1,478,794**

Foreign currency translation reserve

	2016 $	2015 $
Balance at beginning of year	31,875	-
Exchange differences on translation of foreign entities	(117,494)	31,875
Balance at end of year	**(85,619)**	**31,875**

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

Share-based payment reserve

	2016 $	2015 $
Balance at beginning of year	1,446,919	210,894
Share based payments	459,918	439,157
Underwriter options	-	796,868
Balance at end of year	**1,906,837**	**1,446,919**

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

18. Accumulated losses

	2016 $	2015 $
Balance at beginning of year	(8,749,078)	(9,469,063)
Net profit/(loss) attributable to members of the parent entity	(9,290,953)	719,985
Sale of subsidiary (refer to note 14)	73,043	-
Balance at end of year	**(17,966,628)**	**(8,749,078)**

19. Commitments

The Group has entered into the following lease arrangements:

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

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

	2016	2015
	$	$
Not longer than 1 year	471,228	424,101
Longer than 1 year and not longer than 5 years	1,017,902	1,155,460
Balance at end of year	**1,489,130**	**1,579,561**

20. Subsidiaries

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

	Country of incorporation	Ownership interest 2016	Ownership interest 2015
		%	%
Parent entity			
Urbanise.com Limited	Australia		
Subsidiaries			
Urbanise.com (MENA) Pty Limited	Australia	100	100
Urbanise.com (SEA) Pte Limited	Singapore	100	100
Urbanise.com (UK) Limited	United Kingdom	100	100
Urbanise DWC LLC	United Arab Emirates	100	100
MyStrata Pty Limited	Australia	100	100
MyStrata Holdings Pty Limited	Australia	100	100
MyStrata Middle East FZ LLC	United Arab Emirates	100	100
Urbanise.com (Pty) Limited	South Africa	100	100
MyStrata Malaysia Sdn Bhd	Malaysia	-	100

During FY2016, Urbanise relinquished ownership of Mystrata Malaysia Sdn Bhd effective of 1 July 2015. Refer to discontinued operations note 14.

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

21. Cash flows from operations reconciliation

Cash and cash equivalents

	2016 $	2015 $
Cash at bank	7,785,602	12,240,368
Cash on hand	4,138	2,825
Total cash and cash equivalents	**7,789,740**	**12,243,193**

Cash flow information

	2016 $	2015 $
Profit/(loss) for the year:	**(9,290,593)**	**719,985**
Non cash items:		
Depreciation & Amortisation	1,767,240	1,012,544
Share Based Payments	459,918	439,157
Net foreign exchange loss/(gain)	283,969	92,114
Movements in reserves	(117,494)	31,875
Profit/loss on disposal	117,411	-
Earn out and warranty shares	1,663,292	-
Changes in net assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,921,201)	(8,851,734)
Decrease/(increase) in inventory	-	(30,498)
Increase/(decrease) in trade and other payables	(22,626)	(904,782)
Increase/(decrease) in employee provisions	168,890	245,796
Increase/(decrease) in other liabilities	-	926,601
Increase/(decrease) in tax payable	(2,691,106)	856,926
Increase (decrease) in deferred income	239,842	-
Net cash from operating activities	**(10,342,458)**	**(5,462,016)**

Non-cash financing and investing activities

There was one non-cash transaction in relation the settlement of the Earn-out and warranty share issue during financial year 30 June 2016 (2015: nil).

22. Financial risk management

The consolidated entity is exposed to a variety of financial risks comprising:

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

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

The consolidated entity holds the following financial instruments:

	2016	2015
	$	$
Financial assets		
Cash and cash equivalents	7,789,740	12,243,193
Trade and other receivables	13,087,082	11,178,769
	20,876,822	**23,421,962**
Financial liabilities		
Trade and other payables	1,460,898	1,609,389
Earn out on Mystrata acquisition	-	1,108,058
	1,460,898	**2,717,447**

Market price risk

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

Currency risk

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

Foreign currency sensitivity analysis

	Liabilities		Assets	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
USD (Australian dollars equivalent)	(40,929)	(81,476)	6,858,690	5,085,788
GBP (Australian dollars equivalent)	(164,636)	(451,262)	1,658,852	2,248,839
AED (Australian dollars equivalent)	(103,597)	(201,440)	4,009,682	4,251,575
SGD (Australian dollars equivalent)	(19,097)	(1,446)	-	-
ZAR (Australian dollars equivalent)	-	-	692	-
EUR (Australian dollars equivalent)	(140,742)	-	725,566	315,106

Based on the financial instruments held at 30 June 2016 the Group's post tax profit and equity would have been $1,209,576 higher/lower (2015: $1,669,822 higher/lower) with a 10% increase/decrease in the Australian dollar against other foreign currencies. The Group's sensitivity to foreign currency risk has elevated year on year due to the structuring of debt receivables with customers in foreign countries, in addition to increased international transactions as the company is in a rapid growth phase.

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

Interest rate risk management

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

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

Financial instruments **2015**	**Interest bearing** **$**	**Non-interest bearing** **$**	**Total carrying amount** **$**	**Weighted average effective interest rate** **%**	**Fixed/variable rate**
Financial assets					
Cash and cash equivalents	12,024,751	218,442	12,243,193	2.96	Fixed & variable
Other assets	10,047	840,496	850,544	2.50	Fixed & variable
	12,034,798	**1,058,939**	**13,093,737**		

Interest rate risk sensitivity analysis

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

At reporting date there were no borrowings in relation to bank facilities. A 100 basis points change on the interest rates would result in an increase/decrease to the Group's net profit by approximately $96,169 based on the average cash holding during the year (2015: $64,130).

Credit risk management

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

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

Cash deposits

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

Trade receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms. The ageing analysis of trade and other receivables is provided in Note 6. As the consolidated entity 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 consolidated entity does not have any material credit risk exposure for other receivables or other financial instruments.

Liquidity risk management

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

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

2015	< 1 Year $	1 - 5 years $	Total contractual cash flows $	Carrying amount $
Cash and cash equivalents	12,243,193	-	12,243,193	12,243,193
Trade and other receivables	4,908,571	7,745,434	12,654,005	11,178,769
Other assets	850,544	-	850,544	850,544
Payables	(1,609,389)	-	(1,609,389)	(1,609,389)
Other liabilities	(1,023,496)	(1,108,058)	(2,131,554)	(2,131,554)
Net maturities	**15,369,423**	**6,637,376**	**22,006,799**	**20,531,563**

The difference between the carrying amount and the contractual cash flows for trade and other receivables of $864,218 relates to notional interest on deferred payment schedules of $1,036,329, bad debts of $91,632 and unrealised gain on revaluation of trade receivables of $263,743.

Fair value compared with carrying amounts

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

23. Fair value measurements

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

Fair value hierarchy

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

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

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined, in particular, the valuation techniques and inputs used.

	Level 1	Level 2	Level 3	Jun 2016 Total
	$	$	$	
	-	-	-	-

	Level 1	Level 2	Level 3	Jun 2015 Total
	$	$	$	
Earn out shares	-	-	1,108,058	**1,108,058**

On 21 June 2016, there was an agreed final settlement in relation to the purchase price of Mystrata Group, acquired 1 June 2015. The earn-out and warranty share adjustment agreed settlement resulted in an issuance of 6,445,000 shares to Mystrata shareholders at a market value of $2,771,350. Level 3 financial liabilities measured at fair value at 30 June 2015 have been transferred to equity.

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 2016.

Reconciliation of recurring level 3 fair value measurements

30 June 2016

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

30 June 2015

	Earn out in a business combination $	Total $
Opening balance	-	-
Purchases/Issues	1,108,058	1,108,058
Closing balance	**1,108,058**	**1,108,058**

24. Key management personnel compensation

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

	2016 $	2015 $
Short-term employee benefits	2,218,925	1,233,267
Long-term employee benefits	116,115	103,563
Post-employment benefits - superannuation	25,327	45,435
Share-based payments	149,047	271,970
Total key management personnel compensation	**2,509,414**	**1,654,235**

25. Related party transactions

Equity interests in related parties

(i) ***Equity interests in subsidiaries***
Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 20 to the financial statements.

Transactions with key management personnel

(i) ***Key management personnel compensation***
Details of key management personnel compensation is disclosed in Note 24.

(ii) ***Loans to key management personnel***
There were no loans to key management personnel during the financial year.

(iii) ***Other transactions with key management personnel of the Group***
There were no other transactions with key management personnel of the Group during the financial year or in the prior year.

Transactions between Urbanise.com Limited and its related parties

(i) ***Related parties***

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

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

(ii) ***Trading transactions***

During the financial year, the Group engaged Bugden Legal, a related party, for legal services, the total cost of trading transactions amounted to $4,490. The services provided are considered to be at arm's length.

26. Remuneration of auditors

	2016 $	2015 $
Auditor of the parent entity (Pitcher Partners):		
Audit and review of the financial report	303,669	100,800
Non-audit services:		
- IPO costs	-	85,050
- Limited Due Diligence Report for acquisition of Mystrata Group	-	18,970
- Taxation advice	44,053	12,300
Total remuneration of auditors	**347,722**	**217,120**

27. Earnings per share

	2016 $	2015 $
Basic earnings profit/(loss) per share(i)	(3.85)	0.34
Diluted earnings profit/(loss) per share (ii)	(3.85)	0.28

(i) Basic earnings per share

	2016	2015
Net profit/(loss) from continued and continuing operations	(9,290,593)	719,985

	2016 Number	2015 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	241,583,207	210,271,176

(ii) Diluted earnings/(loss) per share

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

	2016 Number	2015 Number
Share options	34,716,405	43,776,405

28. Share-based payments

Employee share option plan

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

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

i. 9,150,000 share options at an exercise price of $0.20 were converted to shares during financial year ended 30 June 2016.
ii. Two lots of share options of 300,000 and 100,000, at an exercise price of $0.20 per share, expired during financial year ended 30 June 2016 with an expiry date of 7 October 2015.
iii. During financial year ended 30 June 2016, there were three lots of share options issued. On 13 August 2015, there were 200,000 options issued at an exercise price of $1.00 per share, these share options are considered to have a grant date of 1 May 2015, however they were only authorised for issue in August. On 15 December 2015, 190,000 options were issued at an exercise price of $0.69 per share. On 29 April 2016, 100,000 options were issued at an exercise price of $0.40 per share.
iv. The fair value of options at grant date are listed below. Fair value was determined using the trinomial pricing model.

Financial Year 2016								
Grant Date	**Expiry Date**	**Exercise Price**	**Balance at beginning of year**	**Granted during year**	**Exercised during year**	**Expired/ transferred during year**	**Balance at end of year**	**Balance vested at end of year**
7/04/2009	7/10/2015(i)(ii)	$ 0.20	950,000	-	(550,000)	(400,000)	-	-
30/04/2011	31/12/2015(i)	$ 0.20	8,000,000	-	(8,000,000)	-	-	-
10/10/2011	10/10/2016(i)	$ 0.20	8,400,000	-	(200,000)	-	8,200,000	8,200,000
30/06/2012	30/06/2017	$ 0.20	3,000,000	-	-	-	3,000,000	3,000,000
9/08/2012	9/08/2017	$ 0.20	2,000,000	-	-	-	2,000,000	2,000,000
5/10/2012	9/08/2017	$ 0.20	1,400,000	-	-	-	1,400,000	1,400,000
30/06/2013	30/06/2018	$ 0.20	3,000,000	-	-	-	3,000,000	2,300,000
30/08/2013	31/12/2015(i)	$ 0.20	400,000	-	(400,000)	-	-	-
11/12/2013	31/12/2018	$ 0.20	2,000,000	-	-	-	2,000,000	2,000,000
11/12/2013	31/12/2018	$ 0.24	2,000,000	-	-	-	2,000,000	2,000,000
11/12/2013	31/12/2018	$ 0.30	2,000,000	-	-	-	2,000,000	2,000,000
6/06/2014	6/06/2019	$ 0.20	3,000,000	-	-	-	3,000,000	1,600,000
4/08/2014	4/08/2019	$ 0.20	400,000	-	-	-	400,000	263,966
10/12/2014	17/12/2019	$ 0.65	100,000	-	-	-	100,000	100,000
22/04/2015	6/02/2023	$ 0.75	100,000	-	-	-	100,000	30,000
25/04/2015	5/10/2022	$ 0.75	100,000	-	-	-	100,000	30,000
28/04/2015	1/11/2022	$ 0.75	100,000	-	-	-	100,000	30,000
30/04/2015	22/09/2021	$ 0.75	250,000	-	-	-	250,000	218,750
1/05/2015	22/09/2021	$ 0.75	250,000	-	-	-	250,000	218,750
4/05/2015	15/11/2022	$ 0.75	100,000	-	-	-	100,000	30,000
1/05/2015(iii)	31/12/2018	$ 1.00	-	200,000	-	-	200,000	200,000
15/12/2015(iii)	15/12/2020	$ 0.69	-	190,000	-	-	190,000	-
29/04/2016(iii)	28/04/2021	$ 0.40	-	100,000	-	-	100,000	-

Financial Year 2015								
Grant Date	**Expiry Date**	**Exercise Price**	**Balance at beginning of year**	**Granted during year**	**Exercised during year**	**Expired/transferred during year**	**Balance at end of year**	**Balance vested at end of year**
7/04/2009	7/10/2015	$0.20	950,000	-	-	-	950,000	950,000
30/04/2011	31/12/2015	$0.20	8,000,000	-	-	-	8,000,000	8,000,000
3/10/2011	30/09/2018	$0.20	100,000	-	(100,000)	-	-	-
10/10/2011	10/10/2016	$0.20	8,400,000	-	-	-	8,400,000	7,746,667
30/06/2012	30/06/2017	$0.20	3,000,000	-	-	-	3,000,000	2,300,000
9/08/2012	9/08/2017	$0.20	2,000,000	-	-	-	2,000,000	2,000,000
5/10/2012	9/08/2017	$0.20	1,700,000	-	(300,000)	-	1,400,000	1,400,000
30/06/2013	30/06/2018	$0.20	3,000,000	-	-	-	3,000,000	1,600,000
30/08/2013	31/12/2015	$0.20	400,000	-	-	-	400,000	197,778
11/12/2013	31/12/2018	$0.20	2,000,000	-	-	-	2,000,000	1,550,000
11/12/2013	31/12/2018	$0.24	2,000,000	-	-	-	2,000,000	1,550,000
11/12/2013	31/12/2018	$0.30	2,000,000	-	-	-	2,000,000	1,550,000
31/01/2014	31/01/2019	$0.20	400,000	-	-	(400,000)	-	-
1/02/2014	1/02/2019	$0.20	400,000	-	-	(400,000)	-	-
15/05/2014	27/06/2019	$0.20	400,000	-	-	(400,000)	-	-
6/06/2014	6/06/2019	$0.20	3,000,000	-	-	-	3,000,000	900,000
4/08/2014	4/08/2019	$0.20	-	400,000	-	-	400,000	-
10/12/2014	16/12/2019	$0.65	-	100,000	-	-	100,000	100,000
22/04/2015	6/02/2023	$0.75	-	100,000	-	-	100,000	-
25/04/2015	5/10/2022	$0.75	-	100,000	-	-	100,000	-
28/04/2015	1/11/2022	$0.75	-	100,000	-	-	100,000	-
30/04/2015	22/09/2021	$0.75	-	250,000	-	-	250,000	93,750
1/05/2015	22/09/2021	$0.75	-	250,000	-	-	250,000	93,750
4/05/2015	15/11/2022	$0.75	-	100,000	-	-	100,000	-

Financial Year 2016							
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
01/05/2015[(i)]	$0.53	200,000	31/12/2018	$1.25	43%	0%	1.93%
15/12/2015	$0.18	190,000	15/12/2020	$0.56	41%	0%	2.22%
29/04/2016	$0.16	100,000	16/12/2021	$0.38	50%	0%	2.05%

(i) These options were only authorised for issue to the employee in August 2015 however the grant date for accounting purposes is considered to be 1 May 2015.

The weighted average share price for share options exercised during the period was $0.65. The weighted average remaining contractual life for share options outstanding at the end of the period was 3.93 years.

Financial Year 2015							
Grant Date	Fair value of options at grant date (range)	No. of options granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
4/08/2014	$0.07	400,000	4/08/2019	$0.19	35%	0%	3.02%
10/12/2014	$0.33	100,000	16/12/2019	$0.74	35%	0%	2.43%
22/04/2015	$0.49 - $0.55	100,000	6/02/2023	$0.97	43%	0%	2.00%
25/04/2015	$0.52 - $0.58	100,000	5/10/2022	$1.02	43%	0%	2.06%
28/04/2015	$0.61 - $0.67	100,000	1/11/2022	$1.12	43%	0%	2.08%
30/04/2015	$0.72 - $0.78	250,000	22/09/2021	$1.29	43%	0%	2.11%
1/05/2015	$0.69 - $0.75	250,000	22/09/2021	$1.25	43%	0%	2.11%
4/05/2015	$0.71 - $0.77	100,000	15/11/2022	$1.24	43%	0%	2.11%

The weighted average share price for share options exercised during the period was $0.87. The weighted average remaining contractual life for share options outstanding at the end of the period was 4.36 years.

Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions of $459,918 was recorded within employee benefits expense in the statement of comprehensive income.

29. Subsequent events

It was announced on 6 July 2016 that Urbanise has agreed terms with Prudential Investment Company of Australia Pty Limited Group (PICA) for a 10-year contract which will deliver revenue of $16 million over the next 10 years.

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

30. Deed of cross guarantee

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

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

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

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

Urbanise.com Limited, Urbanise.com (MENA) Pty Limited, Urbanise.com (SEA) Pte Limited, Mystrata Pty Limited and Mystrata Holdings Pty Ltd entered into a Deed of Cross Guarantee on 26 June 2015. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2016 is set out below.

Closed group consolidated statement of comprehensive income for the year ended 30 June 2016

	2016 $	2015 $
Revenue and other income		
Sales revenue	6,897,297	9,128,797
Other income	1,524,503	924,238
	8,421,800	10,053,035
Less: expenses		
Cost of sales	(2,457,592)	(238,428)
Depreciation and amortisation expenses	(1,216,768)	(1,010,748)
Employee benefits expense	(8,514,755)	(4,248,023)
Lease expense	(597,417)	(172,326)
Finance costs	(3,792)	(2,119)
Foreign Exchange (loss)/gain	(255,123)	30,064
Travel expenses	(1,118,737)	(676,330)
Professional fees	(989,254)	(960,600)
Advertising and Promotion Expenses	(381,853)	(495,734)
Subscription expenses	(852,713)	(193,301)
Impairment provision	(3,151,354)	-
Warranty and earn-out shares	(1,663,292)	-
Other expenses	(1,020,243)	(451,867)
Profit/(loss) before tax	(13,801,093)	1,633,623
Income tax (expense)/benefit	2,509,548	(856,926)
Profit/(loss) for the year	**(11,291,545)**	**776,697**
Other comprehensive income for the year net of income tax	(31,891)	31,834
Total comprehensive income for the year	**(11,323,436)**	**808,531**

Closed group consolidated statement of financial position as at 30 June 2016

	2016 $	2015 $
Current assets		
Cash and cash equivalents	7,635,304	12,153,261
Trade and other receivables	7,607,562	4,432,382
Other assets	1,900,578	1,019,178
Inventory	593,563	30,498
Total current assets	**17,737,007**	**17,635,319**
Non-current assets		
Property, plant and equipment	555,238	1,097,381
Intangible assets	14,812,833	14,382,439
Goodwill	12,216,795	11,736,467
Other non-current assets	5,056,667	6,749,638
Investment	-	1,818,748
Deferred tax assets	2,803,267	704,276
Total non-current assets	**35,444,800**	**36,488,949**
Total assets	**53,181,807**	**54,124,268**
Current liabilities		
Trade and other payables	1,420,936	1,315,704
Provisions	929,216	684,448
Current tax payable	-	111,788
Other liabilities	1,004,880	2,243,342
Total current liabilities	**3,355,032**	**4,355,282**
Non-current liabilities		
Provisions	17,246	39,747
Total non-current liabilities	**17,246**	**39,747**
Total liabilities	**3,372,278**	**4,395,029**
Net assets	**49,809,529**	**49,729,239**
Equity		
Issued capital and contributed equity	67,029,195	54,682,201
Employee option reserve	1,906,837	2,850,288
Foreign currency translation reserve	(56)	31,834
Accumulated losses	(19,126,447)	(7,835,084)
Total equity	**49,809,529**	**49,729,239**

31. Parent entity information

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

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

Summarised statement of financial position as at 30 June 2016

	2016 $	2015 $
Current assets		
Cash and cash equivalents	7,320,447	12,042,845
Trade and other receivables	7,345,556	3,775,887
Other assets	3,618,209	1,827,812
Inventory	593,172	30,498
Total current assets	**18,877,384**	**17,677,042**
Non-current assets		
Property, plant and equipment	521,693	1,020,439
Intangible assets	9,324,801	8,412,619
Deferred tax assets	2,774,247	675,257
Other non-current assets	5,056,667	6,749,638
Investment	16,240,678	16,240,678
Total non-current assets	**33,918,086**	**33,098,631**
Total assets	**52,795,470**	**50,775,673**
Current liabilities		
Trade and other payables	1,387,083	1,351,838
Provisions	871,096	637,295
Current tax payable	-	108,229
Other liabilities	386,803	1,108,058
Total current liabilities	**2,644,982**	**3,205,420**
Non-current liabilities		
Provisions	2,953	397
Total non-current liabilities	**2,953**	**397**
Total liabilities	**2,647,935**	**3,205,817**
Net assets	**50,147,535**	**47,569,856**
Equity		
Issued capital and contributed equity	65,668,289	54,682,201
Employee option reserve	1,906,837	1,446,919
Accumulated losses	(17,427,591)	(8,559,264)
Total equity	**50,147,535**	**47,569,856**

	2016 $	2015 $
Profit/(loss) for the year	(8,868,327)	909,799
Other comprehensive income	-	-
Total comprehensive income	**(8,868,327)**	**909,799**

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 26 to 70 are in accordance with the *Corporations Act 2001*, and give a true and fair view of the financial position and performance of the consolidated entity for the financial year ended on 30 June 2016.

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

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

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

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

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

On behalf of the Directors,

Russell William Bate
Non-executive Director
Melbourne, 25 August 2016

URBANISE.COM LIMITED
ABN 70 095 768 086
AND CONTROLLED ENTITIES

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

Report on the Financial Report

We have audited the accompanying financial report of Urbanise.com Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An independent Victorian Partnership ABN 27 975 255 196
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PITCHER PARTNERS

URBANISE.COM LIMITED
ABN 70 095 768 086
AND CONTROLLED ENTITIES

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Urbanise.com Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 23 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Urbanise.com Limited and controlled entities for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Peter Jose

P A JOSE
Partner

25 August 2016

Pitcher Partners

PITCHER PARTNERS
Melbourne

Additional information required by the ASX Listing Rules not disclosed elsewhere in the full year report is set out below. The shareholder information set out below was applicable as at 1 August 2016.

1. Distribution of Shareholders

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

Range	Total holders	Units	% of Issued Capital
1 - 1,000	64	36,272	0.01
1,001 - 5,000	236	784,179	0.30
5,001 - 10,000	113	890,632	0.35
10,001 - 100,000	212	7,132,364	2.76
100,001 - 999,999,999	88	249,278,952	96.57
Total	**713**	**258,122,399**	**100.00**

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

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

2. Largest shareholders

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

Rank	Name	Shares held	% of issued capital
1.	CITICORP NOMINEES PTY LIMITED	36,938,894	14.31
2.	PIERCE ESIM PTE LIMITED	36,444,340	14.12
3.	PIERCE CIM PTE LIMITED	32,040,580	12.41
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,238,581	11.71
5.	UBS NOMINEES PTY LTD	13,296,760	5.15
6.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	10,216,860	3.96
7.	HELIX CS PTE LTD	10,000,000	3.87
8.	ROBERT GORDON CUMMING	9,712,273	3.76
9.	NITARAE NOMINEES PTY LTD <BUGDEN FAMILY ENTERPRISE A/C>	9,015,120	3.49
10.	CONSTRUCTION INDUSTRY SOLUTIONS ME FZE	8,434,150	3.27
11.	CHAMBERS STREET GLOBAL FUND LP	7,000,000	2.71
12.	MR CHRISTOPHER BEAUFORD LEAHY	3,005,041	1.16
13.	EKOGLOBAL PTY LTD	2,615,940	1.01
14.	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	2,533,975	0.98
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,500,000	0.97
16.	ROZNAT INVESTMENTS LTD	2,000,000	0.77
17.	PAGAN INVESTMENTS PTY LTD	2,000,000	0.77
18.	MAKARIM SALMAN	1,765,920	0.68
19.	EQUITAS NOMINEES PTY LIMITED <3179767 A/C>	1,730,000	0.67
20.	MR GARY FRANCIS BUGDEN & MRS MARGARET LILLIAN BUGDEN <G F BUGDEN SUPER FUND A/C>	1,533,195	0.59
Top 20 holders of ordinary fully paid shares		**223,021,629**	**86.40**

3. Option holders

The Company has 34,594,325 unlisted options on issue with 37 holders and no listed options.

4. Register of substantial shareholders

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

Rank	Name	Shares held	% of issued capital
1.	CITICORP NOMINEES PTY LIMITED	36,938,894	14.31
2.	PIERCE ESIM PTE LIMITED	36,444,340	14.12
3.	PIERCE CIM PTE LIMITED	32,040,580	12.41
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,238,581	11.71
5.	UBS NOMINEES PTY LTD	13,296,760	5.15

5. Restricted Securities

Seventy shareholders held a less than a marketable parcel, based on the closing market price of $0.40 on 1 August 2016.

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

- 12,101,205 ordinary shares, escrow period ending 1 June 2017; and
- 6,445,000 ordinary shares, escrow period ending 1 July 2017.