

2017 Interim Report

Interim report for the half-year ended 30 June 2017

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of BuildingIQ, Inc. (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 June 2017.

Directors

The following persons were directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

Alan Cameron
Tanya Cox
William Deane
Gerd Goette
Michael Nark
Ken Pentimonti

Principal activities

The Company is a leading provider of energy efficiency solutions for facilities throughout the United States and Australia. The Company's principal activity is the development, design, engineering and installation of integrated software projects that reduce the energy, operations and maintenance costs of customers' facilities. These projects typically include a variety of measures customized for each facility and are designed to improve the efficiency of major building systems, such as heating, ventilation and air conditioning systems.

Dividends

No dividends were paid during or subsequent to the period.

Review of operations

Revenues consist primarily of software license fees, software implementation, hardware sales, project management services, installation, consulting, and post-sale maintenance support. The Company also receives grants and tax incentives in Australia.

Revenue for the period increased by approximately 6%, to \$2,135,524 (30 June 2016: \$2,024,983). The key reasons for this increase were the combined effect from expansions in the Company's PEO installations and commissioning in Western Australia as well as growth in the Energy Worksite portfolio. Other income increased by 1%, to \$566,867 (30 June 2016: \$563,675), reflecting a largely similar R&D tax incentive claim.

Operating expenses (which exclude foreign currency translation costs) decreased by approximately 31%, to \$4,124,834 (30 June 2016: \$6,017,714), primarily due to the strategic cost savings initiatives started in mid-2016. The overall result of these factors was that the loss before income tax expense from continuing operations for the period decreased by approximately 51%, to \$2,228,654 (30 June 2016: \$4,565,460).

Changes in the state of affairs

There were no significant changes to the state of affairs of the Company during the period.

Matters subsequent to the end of the financial period

There have not been any transactions or events of a material and unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the directors of the Company, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Likely developments and expected results of operations

The Company will continue to focus on expanding the install base of its 5i platform beyond the 995 buildings currently in its portfolio. This will be achieved via a combination of existing sales channels and through alternative, cost effective distribution channels including strategic partnerships with industry participants and relationships that will deliver accelerated customer acquisition in new markets. An increase in product sales

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and services is also expected within the existing building portfolio as customers acquired via the Energy WorkSite and Facility WorkSite acquisition are progressed onto broader, higher value service offerings.

The Company will continue to consider inorganic opportunities where they expand the potential install base of the 5i platform, in conjunction with additional human capital and complementary technology offerings.

Company secretary

Lisa Jones was appointed as the Company Secretary of the consolidated entity, based in Australia, on 17 May 2017. Lisa is an experienced corporate lawyer and corporate governance professional with more than 20 years' experience in commercial law and corporate affairs, working with both public and private companies in Australian and in Europe. Lisa has particular experience working with high growth and emerging companies in the biotech, technology and oil & gas sectors. She was a senior associate in the corporate & commercial practice of Allen Allen & Hemsley and has held executive positions with private and publicly listed companies in Australia and in Italy. Prior to Ms. Jones' appointment, Ian Gilmour served as Company Secretary for the period from 21 December 2016 until 17 May 2017.

Auditor's independence declaration

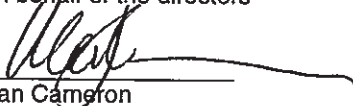
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

On behalf of the directors


Alan Cameron
Chair

25 August 2017
Sydney

DECLARATION OF INDEPENDENCE BY NAME OF IAN HOOPER TO THE DIRECTORS OF BUILDINGIQ, INC.

As lead auditor for the review of BuildingIQ, Inc. for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BuildingIQ, Inc. and the entities it controlled during the period.



Ian Hooper
Partner

Sydney, 25 August 2017

General Information

The financial statements cover BuildingIQ, Inc. as a consolidated entity consisting of BuildingIQ, Inc. and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is BuildingIQ, Inc.'s presentation currency.

BuildingIQ, Inc. is incorporated in Delaware USA. Its registered office and principal place of business is:

2121 South El Camino Real, Suite 200
San Mateo, CA 94403, USA

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2017. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
30 June 2017

	Notes	Consolidated 6 months ended 30 June 2017 \$	Consolidated 6 months ended 30 June 2016 \$
Revenue from continuing operations		2,135,524	2,024,983
Other income		566,867	563,675
Revenue & other income		<u>2,702,391</u>	<u>2,588,658</u>
Cost of sales		<u>(806,817)</u>	<u>(1,145,691)</u>
Gross Profit		<u>1,895,574</u>	<u>1,442,967</u>
Interest revenue		606	9,287
Sales and marketing		(1,364,281)	(2,018,897)
Research costs		(873,454)	(933,325)
Administrative expenses		(1,523,121)	(1,883,088)
Depreciation and amortisation		(363,978)	(341,920)
Transaction advisory costs		-	(121,091)
	3	<u>(4,124,834)</u>	<u>(6,017,714)</u>
Loss before income tax from continuing operations		(2,228,654)	(4,565,460)
Income tax expense	4	-	-
Loss after income tax expense for the period		<u>(2,228,654)</u>	<u>(4,565,460)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(737,067)</u>	<u>(388,552)</u>
Other comprehensive income for the period, net of tax		<u>(737,067)</u>	<u>(388,552)</u>
Total comprehensive income for the period attributable to owners of BuildingIQ, Inc.		<u>(2,965,721)</u>	<u>(4,954,012)</u>
		Cents	Cents
Basic earnings per share		(2.6)	(5.4)
Diluted earnings per share		(2.6)	(5.4)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
as at 30 June 2017**

		Consolidated	
	Notes	As at 30 June 2017 \$	As at 31 December 2016 \$
Assets			
Current assets			
Cash and cash equivalents		4,984,923	10,439,188
Trade and other receivables		2,168,767	1,509,848
R&D grant receivable	5	1,456,102	1,805,556
Other current assets		808,004	495,849
Total current assets		<u>9,417,796</u>	<u>14,250,441</u>
Non-current assets			
Plant and equipment		170,327	157,047
Goodwill	6	3,591,543	3,830,806
Other intangible assets	6	2,035,028	2,010,286
Total non-current assets		<u>5,796,898</u>	<u>5,998,139</u>
Total assets		<u>15,214,694</u>	<u>20,248,580</u>
Liabilities			
Current liabilities			
Trade and other payables	7	651,668	567,422
Employee benefits	8	542,377	876,570
Deferred revenue		245,772	133,854
Other current liabilities	9	1,106,113	2,938,613
Total current liabilities		<u>2,545,930</u>	<u>4,516,459</u>
Total liabilities		<u>2,545,930</u>	<u>4,516,459</u>
Net assets		<u>12,668,764</u>	<u>15,732,121</u>
Equity			
Issued capital	10	44,078,685	44,078,685
Reserves	10	87,888	922,591
Accumulated losses		<u>(31,497,809)</u>	<u>(29,269,155)</u>
Total equity		<u>12,668,764</u>	<u>15,732,121</u>

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

Consolidated Statement of Changes in Equity
30 June 2017

Consolidated	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2016	44,175,942	1,307,201	(21,498,255)	23,984,888
Loss after income tax expense for the period	-	-	(4,565,460)	(4,565,460)
Other comprehensive income for the period, net of tax	-	(388,552)	-	(3,275,954)
Total comprehensive income for the period	-	(388,552)	(4,565,460)	(4,954,012)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	(97,257)	-	-	(97,257)
Employee share schemes	-	80,927	-	80,927
Balance at 30 June 2016	44,078,685	999,576	(26,063,715)	19,014,546
Balance at 1 July 2016	44,078,685	999,576	(26,063,715)	19,014,546
Loss after income tax expense for the period	-	-	(3,205,440)	(3,205,440)
Other comprehensive income for the period, net of tax	-	129,966	-	129,966
Total comprehensive income for the period	-	129,966	(3,205,440)	(3,075,474)
<i>Transactions with owners in their capacity as owners:</i>				
Employee share schemes	-	(206,951)	-	(97,636)
Balance at 31 December 2016	44,078,685	922,591	(29,269,155)	15,732,121
Balance at 1 January 2017	44,078,685	922,591	(29,269,155)	15,732,121
Loss after income tax expense for the period	-	-	(2,228,654)	(2,228,654)
Other comprehensive income for the period, net of tax	-	(737,067)	-	(737,067)
Total comprehensive income for the period	-	(737,067)	(2,228,654)	(2,965,721)
<i>Transactions with owners in their capacity as owners:</i>				
Employee share schemes	-	(97,636)	-	(97,636)
Balance at 30 June 2017	44,078,685	87,888	(31,497,809)	12,668,764

Consolidated Statement of Cash Flows
30 June 2017

	Consolidated	
	6 months	6 months
	ended	ended
	30 June	30 June
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,474,549	1,224,853
Payments to suppliers and employees (inclusive of GST)	(5,366,564)	(5,890,428)
Interest received	647	9,287
Transaction advisory costs paid	-	(328,844)
R&D tax refund received	1,322,568	1,691,501
Net cash used in operating activities	<u>(2,568,800)</u>	<u>(3,293,631)</u>
Cash flows from investing activities		
Payments for plant and equipment	(114,749)	(45,573)
Payments for intangible assets	(699,408)	(871,169)
Payments for business acquisition	(1,612,120)	(1,304,917)
Net cash used in investing activities	<u>(2,426,277)</u>	<u>(2,221,659)</u>
Cash flows from financing activities		
Capital raising costs (capitalised)	-	(119,485)
Net cash from financing activities	<u>-</u>	<u>(119,485)</u>
Net decrease in cash and cash equivalents	(4,995,077)	(5,634,775)
Cash and cash equivalents at the beginning of the financial period	10,439,188	20,934,791
Effects of exchange rate changes on cash and cash equivalents	(459,188)	(311,952)
Cash and cash equivalents at the end of the financial period	<u>4,984,923</u>	<u>14,988,064</u>

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

Notes to the Financial Statements

1. Significant accounting policies

Basis of preparation

The consolidated half-year financial report is a general purpose financial report for the half-year ended 30 June 2017 and has been prepared in accordance with the Corporations Act 2001 and the principles of Accounting Standard AASB 134 'Interim Financial Reporting'. The requirements of the Corporations Act are voluntarily applied to the extent they are not applicable to a Delaware incorporated company. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016. Comparative figures have been adjusted to conform to changes in presentation for the current financial period where required by accounting standards.

This consolidated half-year financial report does not include all the information, disclosures and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any announcements made by the Company during the interim reporting period.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

Going concern

The consolidated financial statements are prepared on a going concern basis. At 30 June 2017, the Company recorded a loss before income tax from continuing operations of \$2,228,654 (30 June 2016: \$4,565,460). The following matters have been considered by the directors in determining the appropriateness of the going concern:

- i. The ongoing operations are supported by sufficient cash and cash equivalents to enable full and continuous operations beyond the next financial period, based on the normal cyclical nature of receipts and payments;
- ii. Management expect that revenue will further improve the net cash from operating activities in the succeeding financial period as a result of contracts successfully won in the current interim financial period, and
- iii. Management expect the next tax rebates relating to research and development to be received in the succeeding financial period, and annually thereafter until the current tax funding completes in February 2019.

As a consequence of the above, the directors believe that the consolidated entity will be able to continue as a going concern and, accordingly, the financial statements have been prepared on a going concern basis.

New, revised or amending Accounting Standards and Interpretations adopted

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Operating segments

Identification of reportable operating segments

The consolidated entity has only one reportable segment which is the development, design, engineering, sale and installation of integrated software projects that reduce the energy, operations and maintenance costs of the customers' facilities. There is no aggregation of operating segments.

2. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$
Australia	592,020	132,227	1,638,520	1,567,879
USA	1,543,504	1,892,756	4,158,378	4,269,523
	<u>2,135,524</u>	<u>2,024,983</u>	<u>5,796,898</u>	<u>5,837,402</u>

3. Expenses

	Consolidated 30 June 2017	30 June 2016
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	24,701	28,621
<i>Amortisation</i>		
Development assets	339,277	313,299
<i>Net foreign exchange (gain)/loss</i>		
Net foreign exchange (gain)/loss	16,583	-
Rental expense relating to operating leases		
Minimum lease payments	253,599	182,967
<i>Superannuation expense</i>		
Defined contribution superannuation expense	95,826	129,885
<i>Share-based payments expense</i>		
Net change for issuance/(cancellation) of employee share options	(97,636)	80,927
Transaction advisory costs	-	121,091

4. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. Since the group is incurring tax losses the effective tax rate is estimated to be 0% for the half year ended 30 June 2017 (2016: 0%).

5. R&D grant receivable

	Consolidated As at 30 June 2017	As at 31 December 2016
	\$	\$
Research & development grant receivable	<u>1,456,102</u>	<u>1,805,556</u>
	<u>1,456,102</u>	<u>1,805,556</u>

5. R&D grant receivable (continued)

The Company is eligible for a research and development (R&D) grant which is received on an annual basis after the Australian Tax Office processes its tax return, which is based on the calendar year. The amount of the R&D grant receivable is accrued based on eligible expenses incurred. This is a non-linear estimate. At 30 June 2017 the receivable represents an estimate of the receivable for 6 months of eligible expenses compared to the corresponding estimate as at 31 December 2016.

6. Goodwill and other intangible assets

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
Goodwill	3,591,543	3,830,806
Development asset (net of R&D incentive) – at cost	3,908,825	3,561,433
Less: Accumulated amortisation	(2,875,306)	(2,578,936)
	<u>1,033,519</u>	<u>982,497</u>
CSIRO developed optimisation technology – at cost	468,315	468,315
ERP – at cost	198,479	168,241
Customer contracts and relationships – at cost	<u>334,715</u>	<u>388,661</u>

The recoverable values of the consolidated entity's intangible assets are determined based on a value in use calculation which uses cash flow projections based on the financial budgets approved by the Board for the 2017 financial year. The budget is then extrapolated for a further four years at projected growth rates for both revenue and costs, which management consider are appropriate for the markets the consolidated entity operates in. Given the sensitivity of growth rates for both revenue and expenses due to the early stage of development of the consolidated entity and its markets, a range of possible scenarios are modelled to assess the carrying value of the intangible assets for impairment. Management modelled a range of discount rates based on the risk free rate of return plus a risk margin appropriate for the markets the consolidated entity operates in. A range of likely scenarios have been modelled to demonstrate that the development asset, CSIRO, ERP, customer contracts and relationships are not impaired at 30 June 2017. Goodwill is denominated in US dollars, and changes in value are attributable to the change in currency exchange rates prevailing at reporting date.

Impairment testing

In the opinion of the Directors, the business is comprised of only one cash-generating unit.

The recoverable amount of the Company's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model:

- (a) 13.9% (31 December 2016: 13.9%) pre-tax discount rate;
- (b) 24% projected revenue growth rate in year one, 23% in year two, 22% in year three, 21% in year four, 20% per annum thereafter;
- (c) 7.5% (31 December 2016: 12%) per annum increase in operating costs and overheads.

6. Goodwill and other intangible assets (continued)

The discount rate of 13.9% post-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rates are prudent and justified, based on the current customer pipeline and signed contracts currently in place.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions.

Based on the above, the recoverable amount exceeded the carrying amount of all intangible assets by \$9,075,826.

Sensitivity

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) Revenue would need to decrease by more than 6% before goodwill and other intangible assets would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase by 21.4% before goodwill and other intangible assets would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the Company's goodwill.

Consolidated

	Development	CSIRO	ERP	Customer contracts and relationships	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2017	982,497	468,315	168,241	388,661	2,007,714
Additions (net of R&D incentive)	347,392	-	30,238	-	377,630
Amortisation expense	(296,370)	-	-	(32,924)	(329,294)
Foreign exchange effects	-	-	-	(21,022)	(21,022)
Balance at 30 June 2017	1,033,519	468,315	198,479	334,715	2,035,028

7. Current liabilities – trade and other payables

	Consolidated	
	As at 30 June 2017	As at 31 December 2016
	\$	\$
Trade payables	651,668	567,422

8. Current liabilities – employee benefits

	Consolidated	
	As at	As at
	30 June	31 December
	2017	2016
Employee benefits	\$	\$
	542,377	876,570

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. The consolidated entity expects all employees to take the full amount of accrued leave within the next twelve months.

8. Other current liabilities

	Consolidated	
	As at	As at
	30 June	31 December
	2017	2016
Accrued expenses	\$	\$
Sales tax	65,381	154,843
Deferred settlement	-	8,610
	1,040,732	2,775,160
	1,106,113	2,938,613

On 13 April 2016 the Company completed the acquisition of the Energy WorkSite and Facility WorkSite businesses from NorthWrite Inc. for a total consideration of \$3,992,117 (US\$3m). The Energy WorkSite application is a monitoring and data analytics software toolkit that allows commercial and industrial facilities to accurately track and benchmark energy use. The Facility WorkSite application is a low cost management platform for facilities that provides work order management, preventative maintenance and asset performance reporting services.

Final settlement of the deferred consideration will occur in October 2017, for US\$800,000 (A\$1,040,732).

9. Reconciliation of contributed equity

Details	Date	No of shares #	Issue price \$
Balance at 31 January 2014		5,505,735	13,651,232
Issue of shares	February 2015	865,485	3,149,662
Conversion of convertible notes (including interest)	February 2015	2,211,882	5,543,107
Issue of shares	July 2015	111,272	408,487
Share split	September 2015	51,087,513	-
Issue of shares	September 2015	4,500,000	3,600,000
Issue of shares at IPO	December 2015	20,000,000	20,000,000
Share issue transaction costs, net of tax		-	(2,176,546)
Balance at 31 December 2015		84,281,887	44,175,942
Share issue transaction costs, net of tax		-	(97,257)
Balance at 30 June 2016		84,281,887	44,078,685
Share issue transaction costs, net of tax		-	-
Balance at 31 December 2016		84,281,887	44,078,685
Share issue transaction costs, net of tax		-	-
Balance at 30 June 2017		84,281,887	44,078,685

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The capital risk management policy remains unchanged from the prior year.

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10. Equity – reserves

	Options Reserve	Foreign Currency Restated	Total
	\$	\$	\$
Balance as at 1 January 2016	1,082,016	225,185	1,307,201
Employee share options	80,927	-	80,927
Foreign currency translation	-	(388,552)	(388,552)
Balance as at 30 June 2016	1,162,943	(163,367)	999,576
Balance as at 1 January 2017	955,992	(33,401)	922,591
Net charge for issuance/cancellation of employee share options	(97,636)	-	(97,636)
Foreign currency translation	-	(737,067)	(737,067)
Balance as at 30 June 2017	858,356	(770,468)	87,888

11. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board').

Market risk

Foreign currency risk

The majority of the consolidated entity's operations are denominated in USD, which are translated into the consolidated entity's presentation currency of Australian dollars. A 10% strengthening of the Australian dollar against USD would have decreased revenue from continuing operations by approximately \$137,644 and increased the loss after income tax expense by approximately \$137,644. Conversely a 10% weakening of the Australian dollar against the USD would have increased revenue from continuing operations by approximately \$151,409 and decreased loss after income tax expense by approximately \$151,409.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including contracting payment in advance where possible, obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

12. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) or available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves, continuously monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2017	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	0%	651,668	-	-	-	651,668
Deferred consideration	0%	1,040,732	-	-	-	1,040,732
Total non-derivatives		1,692,400	-	-	-	1,692,400

12.

Consolidated – 2016	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	0%	422,728	-	-	-	422,728
Deferred consideration	0%	2,687,200	-	-	-	2,687,200
Total non-derivatives		3,109,928	-	-	-	3,109,928

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

13. Contingent liabilities

There are no contingent liabilities at the reporting date (30 June 2016: \$nil).

14. Related party transactions

Parent entity

BuildingIQ, Inc. is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 15.

Terms and conditions

The only related party transactions occurred between the parent and its subsidiary. All transactions were made on normal commercial terms and conditions and at market rates and were fully eliminated on consolidation.

15. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
BuildingIQ, Pty. Ltd	Australia	100.00	100.00
Building IQ Singapore Pte Ltd	Singapore	100.00	100.00

16. Events after the reporting period

Other than items already reflected in the financial statements, there have not been any transactions or events of a material and unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the directors of the Company, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Alan Cameron', is written over a horizontal line.

Alan Cameron
Chair

25 August 2017
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BuildingIQ, Inc.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BuildingIQ, Inc., which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BuildingIQ, Inc., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BuildingIQ, Inc., would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BuildingIQ, Inc. is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', with a stylized flourish at the end.

Ian Hooper
Partner

Sydney, 25 August 2017