BuildingIQ, Inc.
Appendix 4D
30 June 2018

1. Company details

Name of entity:	BuildingIQ, Inc.
ARSN:	605 422 166
Reporting period:	Half year ended 30 June 2018 (current period)
Previous period:	Half year ended 30 June 2017 (prior period)

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2. Results for announcement to the market

					Half year ended 30 June $
Revenues from ordinary activities	**up**	1,524,705	71%	to	3,660,229
Revenue and other income	**up**	1,463,561	54%	to	4,165,952
Loss from ordinary activities after tax attributable to the owners of BuildingIQ, Inc.	**down**	226,685	10%	to	(2,001,969)
Total comprehensive loss for the year attributable to the owners of BuildingIQ, Inc.	**down**	1,346,751	45%	to	(1,618,970)
EBITDA (negative)	**down**	385,154	21%	to	(1,480,128)
Cash & cash equivalents	**up**	2,175,580	90%	to	4,594,454

Dividends
Nil

Comments
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $2,001,969 (30 June 2017: $2,228,654 loss).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the underlying earnings of the consolidated entity. The following table summarises reconciling items between statutory profit after tax attributable to shareholders of BuildingIQ, Inc. and EBITDA:

	Consolidated	
	Half-year ended 30 June 2018	**Half-year ended 30 June 2017**
	$	**$**
EBITDA	(1,480,128)	(1,865,282)
Interest income	1,955	606
Depreciation & amortisation	(523,796)	(363,978)
Net loss before income tax	(2,001,969)	(2,228,654)
Income tax	-	-
Net loss after income tax	(2,001,969)	(2,228,654)

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	5.0c	8.4c

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been reviewed and an unmodified opinion has been issued.

5. Attachments

Details of attachments (if any):

The Interim Financial Statements of BuildingIQ, Inc. for the six month period ended 30 June 2018 are attached.

6. Signed

Signed ________________________________ Date: 24 August 2018

Alan Cameron
Chair
Sydney

2018 Interim Report

Interim report for the half-year ended 30 June 2018

BuildingIQ, Inc.
ARBN 605 422 166

Contents

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 2018.

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	Resigned 20 March 2018

Principal activities

BuildingIQ is a leading provider of energy efficiency services for facilities throughout the United States, Canada, Singapore and Australia. BuildingIQ's principal service is the development, design, engineering and installation of integrated software solutions that reduce the energy, operations and maintenance costs of customers' facilities. These solutions typically include a variety of measures deployed 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 and support. BuildingIQ also receives grants and tax incentives in Australia.

Revenue and other income increased from last year by approximately 54% to $4,165,952 (2017: $2,702,391). The key reason for this increase was the growth in services delivered from BuildingIQ's 5i Platform which include visualisation, analytics, control and optimisation. While growth was achieved across all services, significant growth was seen in our control services which include deployment and commissioning of building management systems (BMS) and IoT devices from our cloud based 5i Platform in greenfield buildings.

Expenses increased by 12% to $4,609,651 (2017: $4,124,834) primarily due to increases in headcount supporting the increased delivery operations, as well as currency fluctuations impacting US operations. The overall result of these factors was that the loss before income tax expense for the half year decreased to $2,001,969 (2017: $2,228,654).

Changes in the state of affairs

There were no significant changes to the affairs of BuildingIQ.

Matters subsequent to the end of the financial period

On 23 August 2018, BuildingIQ agreed to acquire Buildingsense Australia Pty Ltd, by establishing a subsidiary to purchase 100% of the shares of Buildingsense Australia Pty Ltd. BuildingIQ's new subsidiary will be 70% owned by BuildingIQ Inc. and 30% owned by the current owners of Buildingsense Australia Pty Ltd.

This acquisition is expected to increase revenues, increase gross margin, decrease the cash collections cycle and improve BuildingIQ's market presence, service offering and marketing capabilities in the greenfields

Matters subsequent to the end of the financial period (continued)

sector. Included in this acquisition are the sole rights to licenses and intellectual property owned by Buildingsense Australia Pty Ltd.

The purchase price is a total of up to $1,025,000 payable as follows:

- Issuance of $825,000 worth BuildingIQ Inc. Chess Depository Interests (CDIs) calculated based on the 30-day VWAP of BuildingIQ's CDIs for the 30 trading days prior to the date of the Share Sale Agreement; and
- Deferred cash payments of A$80,000 due on 15 December 2018, A$90,000 due on 15 August 2019, subject to the achievement of certain revenue targets and A$30,000 due on or about 30 June 2020, subject to any warranty claims.

There have not been any other 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

BuildingIQ will continue to focus on expanding beyond the 1,100 buildings currently deployed on the 5i Platform. This will be achieved via a combination of existing sales channels and alternate, cost effective distribution channels including strategic partnerships with industry participants and relationships that will deliver accelerated customer acquisition in new markets. The company's gross margin is expected to decrease as the consolidated entity increases activity in greenfield buildings.

The company will continue to consider inorganic opportunities that bring more buildings onto the 5i Platform while providing additional human capital and complementary technology that can be integrated and delivered from the 5i Platform.

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

24 August 2018
Sydney

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor for the review of BuildingIQ, Inc. for the half-year ended 30 June 2018, 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

BDO East Coast Partnership

Sydney, 24 August 2018

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 U.S. office is:
251 Little Falls Drive,
Wilmington, Delaware, 19808, United States of America

The registered Australian office and principal place of business is:
Level 11, 46 Market Street,
Sydney, New South Wales, 2000, Australia.

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 24 August 2018. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
30 June 2018

	Notes	Consolidated 6 months ended 30 June 2018 $	 6 months ended 30 June 2017 $
Revenue		3,660,229	2,135,524
Other income		505,723	566,867
Revenue & other income		4,165,952	2,702,391
Cost of sales		(1,560,225)	(806,817)
Gross Profit		2,605,727	1,895,574
Interest revenue		1,955	606
Sales and marketing		(947,095)	(1,364,281)
Research costs		(706,784)	(873,454)
Administrative expenses		(2,431,976)	(1,523,121)
Depreciation and amortisation		(523,796)	(363,978)
	3	(4,609,651)	(4,124,834)
Loss before income tax		(2,001,969)	(2,228,654)
Income tax expense	4	-	-
Loss after income tax expense for the period		(2,001,969)	(2,228,654)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		382,999	(737,067)
Other comprehensive income for the period, net of tax		382,999	(737,067)
Total comprehensive income for the period attributable to owners of BuildingIQ, Inc.		(1,618,970)	(2,965,721)
		Cents	**Cents**
Basic earnings per share		(0.9)	(2.6)
Diluted earnings per share		(0.9)	(2.6)

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 2018

	Notes	Consolidated As at 30 June 2018 $	Consolidated As at 31 December 2017 $
Assets			
Current assets			
Cash and cash equivalents		4,594,454	2,418,874
Trade and other receivables		5,028,767	3,687,012
R&D grant receivable	5	873,216	2,008,418
Other current assets		1,166,193	703,070
Total current assets		11,662,630	8,817,374
Non-current assets			
Plant and equipment		94,283	104,464
Goodwill	6	3,725,250	3,538,376
Other intangible assets	6	2,358,543	2,065,032
Total non-current assets		6,178,076	5,707,872
Total assets		17,840,706	14,525,246
Liabilities			
Current liabilities			
Trade and other payables		1,313,186	522,492
Employee benefits	7	652,664	1,098,127
Deferred revenue		219,783	175,774
Other current liabilities	8	218,890	1,192,660
Total current liabilities		2,404,523	2,989,053
Total liabilities		2,404,523	2,989,053
Net assets		15,436,183	11,536,193
Equity			
Issued capital	9	50,122,990	44,632,556
Reserves	10	119,900	(291,625)
Accumulated losses		(34,806,707)	(32,804,738)
Total equity		15,436,183	11,536,193

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

Consolidated Statement of Changes in Equity
30 June 2018

Consolidated	**Issued Capital $**	**Reserves $**	**Accumulated Losses $**	**Total Equity $**
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)
Transactions with owners in their capacity as owners:				
Employee share schemes	-	(97,636)	-	(97,636)
Balance at 30 June 2017	44,078,685	87,888	(31,497,809)	12,668,764
Balance at 1 January 2018	44,632,556	(291,625)	(32,804,738)	11,536,193
Loss after income tax expense for the period	-	-	(2,001,969)	(2,001,969)
Other comprehensive income for the period, net of tax	-	382,999	-	382,999
Total comprehensive income for the period	-	382,999	(2,001,969)	(1,618,970)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	5,490,434	-	-	5,490,434
Employee share schemes	-	28,526	-	28,526
Balance at 30 June 2018	50,122,990	119,900	(34,806,707)	15,436,183

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

Consolidated Statement of Cash Flows
30 June 2018

	Consolidated	
	6 months ended 30 June 2018 $	6 months ended 30 June 2017 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,362,483	1,474,549
Payments to suppliers and employees (inclusive of GST)	(5,748,738)	(5,366,564)
Interest received	1,955	647
R&D tax refund received	2,019,627	1,322,568
Net cash used in operating activities	(1,364,673)	(2,568,800)
Cash flows from investing activities		
Payments for plant and equipment	(24,769)	(114,749)
Payments for intangible assets	(1,161,059)	(699,408)
Payments for business acquisition	(960,478)	(1,612,120)
Net cash used in investing activities	(2,146,306)	(2,426,277)
Cash flows from financing activities		
Proceeds from issues of shares (exclusive of exchange differences)	5,931,097	-
Capital raising costs (capitalised)	(252,464)	-
Net cash from financing activities	5,678,633	-
Net increase/(decrease) in cash and cash equivalents	2,167,654	(4,995,077)
Cash and cash equivalents at the beginning of the financial period	2,418,874	10,439,188
Effects of exchange rate changes on cash and cash equivalents	7,926	(459,188)
Cash and cash equivalents at the end of the financial period	4,594,454	4,984,923

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 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 2017. 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 2017 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 2018, the Company recorded a loss before income tax of $2,001,969 (30 June 2017: $2,228,654). 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;
iii. Management expect the next tax rebates relating to research and development to be received in the succeeding financial period, and the R&D tax funding program to be renewed for a further 3-year cycle running from calendar year 2019 – 2021; and
iv. The acquisition of Buildingsense Australia Pty Ltd is expected to increase revenues, increase gross margin, and decrease the cash collections cycle.

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.

Accounting Policies
Other than the implementation of the two new accounting policies noted below, the accounting policies adopted are consistent with the most recent annual financial statements and the corresponding half-year reporting period.

Changes in significant accounting policies
The consolidated entity has adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 January 2018. Further information is detailed below. The changes in accounting policies will also be reflected in the consolidated entity's annual financial statements for the year ending 31 December 2018. A number of other new standards are effective from 1 January 2018 but the Group has determined that they do not have a material effect on the financial statements.

1. Significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets.

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' ('ECL') model. The new impairment model is applied to financial assets measured at amortised cost, contract assets and debt investments at fair value through Other Comprehensive Income.

ECLs are a probability-weighted estimate of credit losses, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The consolidated entity has adopted the simplified approach for trade receivables on the initial transition date (1 January 2018) with an amount equal to full ECL to be recognised. As the ECL assessment has resulted in an immaterial credit loss, no additional impairment allowance has been recognised by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract–based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The standard requires: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determination of the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

The consolidated entity has adopted AASB 15 using the cumulative effect method (by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 January 2018). The transition exercise on adopting AASB 15 did not result in an adjustment to the opening balance of equity at 1 January 2018.

The consolidated entity's revenue comprises of a mix of installation revenue arising from work performed when installing hardware and subscription revenue earned from providing optimisation via SaaS subscriptions.

Based on the consolidated entity's assessment, SaaS subscriptions revenue will continue to be recognised over time as the customer reasonably expects that the entity will undertake activities that will improve or modify the software over the term of the subscription period and that the customer's benefit will be directly linked to the entities activities over this term.

In relation to installation services, the customer is considered to control the asset being created or enhanced. This, combined with an enforceable right to payment for performance completed to date, results in the entity continuing to record revenue over time in accordance with the term of the implementation. This revenue will be continued to be recognised on an over time basis in accordance with the judgements disclosed in note 2 of 31 December 2017 Annual Financial Report.

1. Significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted (continued)

As a result of this assessment, the application of AASB 15 has not had a material impact on the consolidated entity's half-year financial statements. Comparative information has not been restated and continues to be reported under AASB 118.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. This standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, the 'right-of-use' of an asset will be capitalised in the statement of financial position, measured as the net present value of the unavoidable future lease payments to be made for the lease term. A liability corresponding to the capitalised lease will be recognised, adjusted for ancillary costs in securing the leased asset. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense incurred on the recognised lease liability. The consolidated entity will adopt this standard from 1 January 2019 and the adoption will result in the recognition of a right-of-use asset and related liabilities for leases in relation to office spaces in Australia and the US.

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. All geographic locations are interdependent and share common infrastructure, including both tangible and intangible assets. This operating segment is based on the internal reports that are reviewed and used by the Chief Executive (who is identified as the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The consolidated entity's single reportable segment operates mainly in two geographic regions, the North America and Australasia. Both regions are supported by a mix of resources from the single reportable operating segment.

Throughout the year we announced a number of key partnerships, including a Perth - based building retrofitter, a provider of a leading suite of BMS products and services for commercial real estate. This partnership is responsible for revenue of $1,676,952, which equates to 40% of total revenue and other income.

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2018 $	30 June 2017 $	30 June 2018 $	30 June 2017 $
Australasia	2,393,560	592,020	2,699,092	1,638,520
North America	1,266,669	1,543,504	3,478,984	4,158,378
	3,660,229	2,135,524	6,178,076	5,796,898

3. Expenses

	Consolidated	
	30 June 2018 $	**30 June 2017 $**
Loss before income tax from continuing operations includes the following specific expenses:		
Employee benefit expenses		
Wages and Salaries	2,740,346	2,636,372
Infrastructure costs		
Systems, servers and hosting fees	258,377	221,523
Depreciation		
Plant and equipment	34,950	24,701
Amortisation		
Development assets	488,846	339,277
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)/loss	(565)	16,583
Rental expense relating to operating leases		
Rental expenses for the period	258,066	253,599
Superannuation expense		
Defined contribution superannuation expense	122,268	95,826
Share-based payments expense		
Net change for issuance/(cancellation) of employee share options	28,526	(97,636)

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 2018 (2017: 0%).

5. R&D grant receivable

	Consolidated	
	As at 30 June 2018 $	**As at 31 December 2017 $**
Research & development grant receivable	873,216	2,008,418
	873,216	2,008,418

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 2018 the receivable represents an estimate of the receivable for 6 months of eligible expenses compared to the corresponding estimate as at 31 December 2017.

6. Goodwill and other intangible assets

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 2018 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

2. Goodwill and other intangible assets (continued)

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

goodwill, development asset, CSIRO, ERP, customer contracts and relationships are not impaired at 30 June 2018. Goodwill is denominated in US dollars, and changes in value are attributable to the change in currency exchange rates prevailing at reporting date.

	Consolidated	
	As at 30 June 2018 $	As at 31 December 2017 $
Goodwill:		
Goodwill arising acquisition of Energy Worksite and Facility Worksite	3,725,250	3,538,376
Other intangible assets:		
Development asset (net of R&D incentive) – at cost	5,514,095	4,731,738
Less: Accumulated amortisation	(3,638,391)	(3,290,713)
	1,875,704	1,441,025
CSIRO developed optimisation technology – at cost	468,315	468,315
Less: Accumulated amortisation	(261,400)	(185,187)
	206,915	283,128
ERP – at cost	198,480	198,480
Less: Accumulated amortisation	(97,682)	(65,382)
	100,798	133,098
Customer contracts and relationships – at cost	362,196	362,196
Less: Accumulated amortisation	(187,070)	(154,415)
	175,126	207,781
Total other intangible assets	2,358,543	2,065,032

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) 15.9% (31 December 2017: 13.9%) pre-tax discount rate;
(b) 26% projected revenue growth rate in year one, 20% in year two, 22% in year three, 22% in year four, 22% per annum thereafter;
(c) 3% (31 December 2017: 7.5%) per annum increase in operating costs and overheads.

6. Goodwill and other intangible assets (continued)

The discount rate of 15.9% pre-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.

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 20% 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 14.5% points 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 2018	1,441,025	283,128	133,098	207,781	2,065,032
Additions (net of R&D incentive)	782,357	-	-	-	782,358
Amortisation expense	(347,678)	(76,213)	(32,300)	(32,655)	(488,846)
Balance at 30 June 2018	1,875,704	206,915	100,798	175,126	2,358,543

7. Current liabilities – employee benefits

	Consolidated As at 30 June 2018 $	 As at 31 December 2017 $
Employee benefits	652,664	1,098,127

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 30 June 2018 $	As at 31 December 2017 $
Accrued expenses	218,890	184,738
Deferred settlement	-	1,007,922
	218,890	1,192,660

9. Reconciliation of contributed equity

Details	No of shares	Issued $
Balance at 31 December 2016	84,281,905	44,078,685
Share issue, net of transaction costs and tax	-	-
Balance at 30 June 2017	84,281,905	44,078,685
Share issue, net of transaction costs and tax	12,642,286	553,871
Balance at 31 December 2017	96,924,191	44,632,556
Share issue, net of transaction costs and tax	138,663,270	5,490,434
Balance at 30 June 2018	235,587,461	50,122,990

On 15 December 2017, BuildingIQ announced that it was undertaking a capital raising of up to A$6.50 million through a combination of an Institutional Placement, Existing Securityholder Placement and pro-rata Entitlement Offer. On 21 December 2017, funds for the Existing Securityholder Placement ($568,903 before transactions costs, or approximately 9% of the total raising) were received. The funds for the Institutional Placement and Entitlement Offer ($5,931,097) were received in January 2018. The total number of shares and options issued in connection with the capital raising (including underwriters' fees settled with equity) were 151,305,556 CDIs and 6,861,792 options with ⅓ having an exercise price of $0.0675, ⅓ having an exercise price of $0.1125 and ⅓ having an exercise price of $0.135.

Common stock and CDIs
As a Delaware corporation, the company has issued common stock under Delaware law. The shares of common stock are held by CHESS Deposit Nominees Pty Ltd (CDN) on behalf of CDI holders who may trade CDIs on the ASX. CDIs entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number and amount paid on the common stock underlying the CDIs. The common stock has a par value of US$0.0001 per share.

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 CDI holders 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 CDI holders, return capital to CDI holders, issue new CDIs or sell assets to reduce debt. The capital risk management policy remains unchanged from the prior year.

10. Equity – reserves

	Options Reserve $	Foreign Currency $	Total $
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
Balance as at 1 January 2018	928,053	(1,219,678)	(291,625)
Net charge for issuance/cancellation of employee share options	28,526	-	28,526
Foreign currency translation	-	382,999	382,999
Balance as at 30 June 2018	956,579	(836,679)	119,900

On 27 April 2018, BuildingIQ issued 1,246,688 options to executives and employees under the Company's 2012 Equity Incentive Plan. The options issued comprise:

a) 200,000 options issued with an exercise price of A$0.125 (12.5c) per option vesting over 4 years in equal monthly tranches from 28 March 2018 until 100% vested on the 4th anniversary.

b) 261,672 options issued with an exercise price of A$0.100 (10.0c) per option vesting over 4 years from 28 March 2018 – 25% at 1st anniversary then balance monthly until 100% vested on the 4th anniversary.

c) 261,672 options issued with an exercise price of A$0.125 (12.5c) per option vesting over 4 years from 28 March 2018 – 25% at 1st anniversary then balance monthly until 100% vested on the 4th anniversary.

d) 261,672 options issued with an exercise price of A$0.150 (15.0c) per option vesting over 4 years from 28 March 2018 – 25% at 1st anniversary then balance monthly until 100% vested on the 4th anniversary.

e) 261,672 options issues with an exercise price of A$0.175 (17.5c) per option vesting over 4 years from 28 March 2018 – 25% at 1st anniversary then balance monthly until 100% vested on the 4th anniversary.

All options have a 10-year term and expire on 28 March 2028.

11. Contingent liabilities

There are no contingent liabilities at the reporting date (30 June 2017: $nil).

12. Related party transactions

Parent entity
BuildingIQ, Inc. is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 13.

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.

13. 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:

		Ownership interest	
	Principal place of business / Country of incorporation	**2018 %**	**2017 %**
Name			
BuildingIQ, Pty. Ltd	Australia	100.00	100.00
BuildingIQ Singapore Pte Ltd	Singapore	100.00	100.00

14. Events after the reporting period

On 23 August 2018, BuildingIQ agreed to acquire Buildingsense Australia Pty Ltd, by establishing a subsidiary to purchase 100% of the shares of Buildingsense Australia Pty Ltd. BuildingIQ's new subsidiary will be 70% owned by BuildingIQ Inc. and 30% owned by the current owners of Buildingsense Australia Pty Ltd.

This acquisition is expected to increase revenues, increase gross margin, decrease the cash collections cycle and improve BuildingIQ's market presence, service offering and marketing capabilities in the greenfields sector. Included in this acquisition are the sole rights to licenses and intellectual property owned by Buildingsense Australia Pty Ltd.

The purchase price is a total of up to $1,025,000 payable as follows:

- Issuance of $825,000 worth BuildingIQ Inc. Chess Depository Interests (CDIs) calculated based on the 30-day VWAP of BuildingIQ's CDIs for the 30 trading days prior to the date of the Share Sale Agreement; and
- Deferred cash payments of A$80,000 due on 15 December 2018, A$90,000 due on 15 August 2019, subject to the achievement of certain revenue targets and A$30,000 due on or about 30 June 2020, subject to any warranty claims.

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 2018 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

Alan Cameron
Chair

24 August 2018
Sydney

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BuildingIQ, Inc.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BuildingIQ, Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 30 June 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 24 August 2018