

DomaCom Limited Pro forma financial statements 30 June 2016

1. Introduction

The following pro forma financial statements have been prepared to update the financial information presented in the Replacement Prospectus lodged with ASIC on 8 July 2016 for the purpose of making an Initial Public Offering and seeking to list on the Australian Stock Exchange and subsequently updated in the Fourth Supplementary Prospectus lodged with ASIC on 7 October 2016. The following pro forma financial statements include the impact of final amount raised of \$7,336,172 as a pro forma adjustment.

2. Historical Financial Information

2.1 Historical consolidated income statement

	2014	2015	2016
	\$	\$	\$
	(i)(iv)	(ii)(iv)	(iii)
Revenue	-	8,826	20,642
Other Income ^(v)	240,997	421,774	888,192
Business expenses	(1,903,407)	(4,366,860)	(6,949,959)
EBIT ^(vi)	(1,662,410)	(3,936,260)	(6,041,125)
Net Interest expense	(23,631)	(83,285)	(19,433)
Net Loss Before Tax	(1,686,041)	(4,019,545)	(6,060,558)
Income tax benefit / (expense)	(147,738)	(44,132)	-
Net Loss After Tax	(1,833,779)	(4,063,677)	(6,060,558)

(i) includes the results of DomaCom Australia for the 12 months ended 30 June 2014

(ii) includes the consolidated results of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for the 12 months ended 30 June 2015

(iii) includes the historical consolidated results of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for 12 months ended 30 June 2016

(iv) includes restated balances as a result of a revision to the accounting policy for R&D grants

(v) Other Income – represents amounts received from the ATO for R&D claims for expenses that have not been capitalised

(vi) EBIT – represents earnings before interest and tax

2.2 Pro forma historical consolidated statement of financial position

	2014	2015	2016	Pro forma 30/06/2016 Minimum Subscription	Pro forma 30/06/2016 Current Subscription	Pro forma 30/06/2016 Maximum Subscription
	\$ (i)	\$ (i)	\$ (i)	\$ (ii)	\$ (ii)	\$ (ii)
CURRENT ASSETS						
Cash and cash equivalents	347,661	720,935	1,746,197	6,735,947	7,998,630	18,075,947
Receivables	968,896	951,095	1,417,403	1,417,403	1,417,403	1,417,403
Prepayments and other assets	35,341	98,371	92,803	92,803	92,803	92,803
TOTAL CURRENT ASSETS	1,351,898	1,770,401	3,256,403	8,246,153	9,508,836	19,586,153
NON CURRENT ASSETS						
Property, plant and equipment	8,742	14,045	51,456	51,456	51,456	51,456
Intangible assets	1,636,398	2,224,141	2,795,341	2,795,341	2,795,341	2,795,341
TOTAL NON CURRENT ASSETS	1,645,140	2,238,186	2,846,797	2,846,797	2,846,797	2,846,797
TOTAL ASSETS	2,997,038	4,008,587	6,103,200	11,092,950	12,355,633	22,432,950
CURRENT LIABILITIES						
Payables	326,771	440,625	645,464	645,464	645,464	645,464
Provisions	94,665	103,959	176,315	176,315	176,315	176,315
Interest bearing liabilities	826,666	800,000	-	-	-	-
TOTAL CURRENT LIABILITIES	1,248,102	1,344,584	821,779	821,779	821,779	821,779
NON-CURRENT LIABILITIES						
Provisions	4,475	28,771	59,688	59,688	59,688	59,688
TOTAL NON-CURRENT	4,475	28,771	59,688	59,688	59,688	59,688
TOTAL LIABILITIES	1,252,577	1,373,355	881,467	881,467	881,467	881,467
NET ASSETS	1,744,461	2,635,232	5,221,733	10,211,483	11,474,166	21,551,483
EQUITY						
Issued capital	3,885,050	8,838,435	16,791,037	22,135,952	23,393,543	33,435,431
Reserves	249,600	250,663	945,120	1,189,467	1,189,467	1,189,467
Accumulated losses	(2,390,189)	(6,453,866)	(12,514,424)	(13,113,936)	(13,108,844)	(13,073,415)
TOTAL EQUITY	1,744,461	2,635,232	5,221,733	10,211,483	11,474,166	21,551,483

(i) includes the historical statement of financial position.

(ii) includes historical consolidated statement of financial position at 30 June 2016 after the pro forma adjustments set out below based on a minimum subscription of \$6,000,000, current subscription of \$7,336,172 and a maximum subscription of \$23,707,475.

2.3 Consolidated historical statement of cash flows

	2014	2015	2016
	\$ (i)	\$ (ii)	\$ (iii)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	68	6,709	20,642
Payments to suppliers and employees	(2,134,971)	(4,358,281)	(5,670,892)
Research and development tax offset received	602,626	963,396	1,186,197
Finance costs	(1,008)	(100,402)	(104,372)
Net cash used in operating activities	(1,533,285)	(3,488,578)	(4,568,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	(19,925)	(10,063)	(53,765)
Payments for intangible assets	(1,605,331)	(1,066,213)	(1,548,615)
Interest received	3,975	28,149	47,240
Net cash used in investing activities	(1,621,281)	(1,048,127)	(1,555,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from share issue	2,585,000	4,909,252	7,952,702
Proceeds from short term loans	800,000	1,000,000	-
Repayment of short term loans	-	(1,000,000)	(800,000)
Net cash provided by financing activities	3,385,000	4,909,252	7,152,702
Net increase in cash and cash equivalents	230,434	372,547	1,029,037
Cash and cash equivalents at the beginning of year	117,227	347,661	720,935
Net foreign exchange difference	-	727	(3,775)
Cash and cash equivalents at the end of year	347,661	720,935	1,746,197

(i) includes the cash flows of DomaCom Australia for the 12 months ended 30 June 2014

(ii) includes the consolidated cash flows of DomaCom Australia, DomaCom Limited and DomaCom Singapore for the 12 months ended 30 June 2015.

(iii) includes the historical cash flows of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for 12 months ended 30 June 2016.

2.4 Comments on consolidated statement of financial position

The pro forma historical consolidated statement of financial position includes:

- the restated statement of financial position of DomaCom Australia at 30 June 2014,
- the restated consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2015
- the historical consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2016; and
- the pro forma consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2016 showing the impact of a minimum subscription of \$6,000,000, the current subscription of \$7,336,172 and a maximum subscription of \$23,707,475 under the Offer.

The key items included in the pro forma historical consolidated statement of financial position at 30 June 2016 are:

- Cash reflecting the balance of funds to be raised from the IPO;
- Intangible assets comprising capitalised development costs (\$2,730,532) and computer software (\$64,809). The capitalised development costs relating to the Fractional Property Investment Platform were amortised by \$270,712 for the 12 months ended 30 June 2016 in accordance with the accounting policy. The useful economic life has been determined to be 10 years based on the requirements set out in *AASB 138 Intangible Assets*, including consideration of expected period of use, technical, technological and commercial obsolescence and changes in market demand for services supported by the assets;
- Payables relating mainly to payments due to suppliers for services incurred in the ordinary course of business and recurring payroll and superannuation payables; and
- Reserves consisting of the Equity Compensation Reserve (\$939,124) set up as a result of the issue of Performance Rights, a separate Share Based Payments reserve (\$249,600) and a Foreign Currency Translation Reserve (\$743).

3. Pro forma adjustments

The following the transactions and events arising from the IPO which are to take place on or before the completion of the Offer, are referred to as pro forma adjustments and are presented as if they occurred on or before the 30 June 2016. IPO costs incurred at 30 June 2016 are included within historical costs and therefore are not included as pro forma adjustments.

3.1 Description of Pro forma adjustments

A minimum subscription of \$6,000,000, a current subscription of \$7,336,172 and a maximum subscription of \$23,707,475 (\$18,000,000 after \$5,707,475 of funds raised are applied to a sell-down by existing shareholders) have been included as 30 June 2016 pro forma adjustments.

- For the minimum subscription pro forma capital raising costs of \$655,085 have been charged to Equity and \$355,165 to Profit & Loss. For the current subscription pro forma capital raising costs of \$733,666 have been charged to Equity and \$350,073 to Profit & Loss. For the maximum subscription pro forma capital raising costs of \$1,355,606 have been charged to Equity and \$314,644 to Profit & Loss. These represent an estimate of the remaining costs

required to undertake the capital raising and listing. The allocation of costs between Equity and Profit and Loss is based on the purpose of the expenditure. Costs directly attributable to issuing new Shares are deducted from Equity. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new shares, are recorded in Profit & Loss.

- Performance Rights issued to employees and Directors with an IPO vesting condition have been expensed in full representing a pro forma adjustment of \$244,347.

3.2 Impact of pro forma adjustments on Cash and Cash Equivalents

	Minimum Subscription of \$6,000,000 \$	Current subscription of \$7,336,172 \$	Maximum Subscription of \$23,707,475 \$
Cash and cash equivalents held at 30 June 2016	1,746,197	1,746,197	1,746,197
Share Issue	6,000,000	7,336,172	18,000,000
Share Issue Costs	(1,010,250)	(1,083,739)	(1,670,250)
Sub total pro forma adjustment	4,989,750	6,252,433	16,329,750
Pro forma cash and cash equivalents held as per the pro forma historical consolidated statement of financial position	6,735,947	7,998,630	18,075,947

The minimum subscription will result in a net increase to cash and cash equivalent of \$4,989,750 being the net of cash raised of \$6,000,000 and costs incurred in respect to the capital raise of \$1,010,250.

The current subscription will result in a net increase to cash and cash equivalent of \$6,252,433 being the net of cash raised of \$7,336,172 and costs incurred in respect to the capital raise of \$1,083,739.

The maximum subscription will result in a net increase to cash and cash equivalent of \$16,329,750 being the net of cash raised of \$18,000,000 and costs incurred in respect to the capital raise of \$1,670,250.

3.3 Impact of pro forma adjustments on Issued Capital

	Minimum Subscription of \$6,000,000 \$	Current subscription of \$7,336,172 \$	Maximum Subscription of \$23,707,475 \$
Shares on issue at 30 June 2016	16,791,037	16,791,037	16,791,037
Share Issue	6,000,000	7,336,172	18,000,000
Share Issue Costs	(655,085)	(733,666)	(1,355,606)
Sub total pro forma adjustment	5,344,915	6,602,506	16,644,394
Pro forma shares on issue as per the pro forma historical consolidated statement of financial position	22,135,952	23,393,543	33,435,431

The minimum subscription will increase issued capital by \$6,000,000. Costs directly attributable to the capital raising of \$655,085 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of \$5,344,915.

The current subscription will increase issued capital by \$7,336,172. Costs directly attributable to the capital raising of \$733,666 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of \$6,602,506.

The maximum subscription will increase issued capital by \$18,000,000 as \$5,707,475 of the \$23,707,475 maximum subscription will be the transfer of existing shares currently held by Existing Shareholders to Applicants. Costs directly attributable to the capital raising of \$1,355,606 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of \$16,644,394.

3.4 Impact of pro forma adjustments on Reserves

	Minimum Subscription of \$6,000,000 \$	Current subscription of \$7,336,172 \$	Maximum Subscription of \$23,707,475 \$
Reserves at 30 June 2016	945,120	945,120	945,120
Performance Rights vesting	244,347	244,347	244,347
Sub total pro forma adjustment	244,347	244,347	244,347
Reserves per the pro forma historical consolidated statement of financial position	1,189,467	1,189,467	1,189,467

Performance Rights issued to staff and directors with an IPO vesting condition have been allocated to Reserves representing a pro forma adjustment of \$244,347.

3.5 Impact of pro forma adjustments on Accumulated Losses

	Minimum Subscription of \$6,000,000 \$	Current subscription of \$7,336,172 \$	Maximum Subscription of \$23,707,475 \$
Accumulated Losses at 30 June 2016	(12,514,424)	(12,514,424)	(12,514,424)
Performance Rights vesting	(244,347)	(244,347)	(244,347)
Share Issue Costs charged to profit and loss	(355,165)	(350,073)	(314,644)
Sub total pro forma adjustment	(599,512)	(594,420)	(558,991)
Pro forma accumulated losses as per the pro forma historical consolidated statement of financial position	(13,113,936)	(13,108,844)	(13,073,415)

Performance Rights issued to staff and Directors that vest on the ASX listing of the Company have been expensed in full representing a pro forma adjustment of \$244,347. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new Shares, are recorded in Profit & Loss. The impact on Accumulated Losses will depend on the amount raised under the Offer:

- the impact on Accumulated Losses under the minimum subscription is an increase of \$355,165. Accumulated losses have increased by \$599,512 under the minimum subscription.
- the impact on Accumulated Losses under the current subscription is an increase of \$350,073. Accumulated losses have increased by \$594,420 under the current subscription.
- The impact on Accumulated Losses under the maximum subscription is an increase of \$314,644. Accumulated losses have increased by \$558,991 under the maximum subscription.