Fluence Corporation Limited
Appendix 4E
31 December 2018

Name of entity:	Fluence Corporation Limited
ABN:	52 127 734 196
Year ended	31 December 2018
Previous period:	31 December 2017

Results for announcement to the market

				US $'000
Revenue for ordinary activities	Up	204.9%	to	100,873 (*)
Loss after tax attributable to members	Up	170.0%	to	(63,627) (**)
Net loss after tax (from ordinary activities) for the period attributable to owners of Fluence Corporation Limited	Up	232.5%	to	(81,087) (**)

(*) Revenue for ordinary activities is net of the effect of hyperinflation accounting in Argentina.

(**) including US$56 million of goodwill write off at half-year 30 June 2018.

Distributions

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period. The Group has no dividend reinvestment plan.

Net tangible assets per security

	31 December 2018	31 December 2017
Net tangible assets (per share)	$0.08	$0.11

Explanation of results

Consolidated revenue for the year was US$101 million (2017: US$33 million). The final review of the implementation of hyperinflation accounting in Argentina resulted in an additional reclassification of $5 million from revenue to Finance income/(costs) - net as anticipated in the 4C.

The consolidated loss for the Company after income tax for the reporting period was US$64 million (2017: loss of US$24 million). The consolidated loss includes US$56 million of goodwill write off at half-year 30 June 2018. There is no tax payable or refund due during the current reporting period (2017: Nil).

The financial report is presented in United States Dollars which is the Group's presentation currency.

Cash and cash equivalents at 31 December 2018 amount to US$39 million (2017: US$75 million).

As at 31 December 2018, the Group had borrowings of less than $1 million.

Intangible assets at 31 December 2018 are US$6 million (2017: US$60 million). The decrease is the result of Goodwill impaired at the half-year of the amount of US$56 million.

Following 2018 results, Fluence plans to continue its current growth. Smart Solutions revenue in 2017 was US$10 million. In 2018 this grew to US$22 million and is forecast to at least double in 2019. Furthermore, Fluence anticipates secured annual recurring revenue recognised to continue to increase in 2019.

The Appendix 4E financial report follows, with further details to be included in the audited financial statements to be released by 31 March 2019.

Other information required by Listing Rule 4.3A

N/A

Audit

These accounts are currently in the process of being audited. An Annual Report for the year ended 31 December 2018 containing the Audit Report shall be provided in due course.

Fluence Corporation Limited

ABN 52 127 734 196

Appendix 4E
Preliminary Final Report
for the year ended 31 December 2018

Fluence Corporation Limited ABN 52 127 734 196
Preliminary Final Report - 31 December 2018

Contents

Fluence Corporation Limited
Corporate Directory

Directors	Mr Richard Irving *Chairman* Mr Ross Haghighat *Non-Executive Director* Mr Peter Marks *Non-Executive Director* Mr Henry Charrabe *Managing Director and Chief Executive Officer (CEO)* Dr Ramesh Rengarajan *Non-Executive Director* Mr Arnon Goldfarb *Non-Executive Director* Mr Paul Donnelly (appointed 20 July 2018) *Non-Executive Director*
Company Secretary and Board Advisor	Mr Ross Kennedy
Registered Office	Level 3, 62 Lygon Street Carlton VIC 3053 Australia Phone: +61 (0)3 9824 5254 Fax: +61 (0)3 9822 7735
Principal Place of Business	10 Bank Street 8th Floor White Plains New York 10606 United States of America Phone: +1 212 572 5700
Share Registry	Boardroom Pty Ltd Level 12, 225 George Street, Sydney, New South Wales, 2000, Australia Phone: 1300 737 760 (local) Fax: +61 (0)2 9290 9600 (international)
Auditors	BDO East Coast Partnership Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria, 3008, Australia
Solicitors	Lander & Roger Lawyers Level 12, Bourke place, 600 Bourke Street Melbourne, Victoria, 3000, Australia
Bankers	HSBC Bank Australia Limited Melbourne, Victoria, Australia
Securities Quoted	*Australian Securities Exchange* - Ordinary Fully Paid Shares (Code: FLC)
Website	www.fluencecorp.com

Fluence Corporation Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	Notes	Consolidated entity 31 December 2018 $'000	Consolidated entity 31 December 2017 $'000
Revenues			
Operating revenue	3	100,873	33,083
Other income		250	105
		101,123	**33,188**
Expenses			
Cost of sales		(66,502)	(27,230)
Research and development expenses		(7,647)	(5,970)
Sales and marketing expenses		(10,949)	(6,299)
General and administration expenses		(27,049)	(17,940)
Goodwill impairment	7	(56,293)	-
Other gains/(loss) - net		3,611	283
Finance income/(costs) - net		521	1,087
Loss before income tax		**(63,185)**	**(22,881)**
Income tax expense		(442)	(687)
Loss for the year		**(63,627)**	**(23,568)**
Loss for the year is attributable to:			
Owners of Fluence Corporation Limited		(64,582)	(23,664)
Non-controlling interests		955	96
		(63,627)	**(23,568)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		(16,505)	(721)
Total comprehensive income for the year		**(80,132)**	**(24,289)**
Total comprehensive income for the year is attributable to:			
Owners of Fluence Corporation Limited		(81,087)	(24,385)
Non-controlling interests		955	96
		(80,132)	**(24,289)**
Losses per share from continuing operations attributable to the ordinary equity holders of the Group:			
Basic loss per share	4	(0.14)	(0.07)
Diluted loss per share	4	(0.14)	(0.07)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

Fluence Corporation Limited
Consolidated Statement of Financial Position
As at 31 December 2018

	Notes	Consolidated entity 31 December 2018 $'000	31 December 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents		38,741	75,153
Other financial assets		2,417	4,786
Trade and other receivables		33,514	26,684
Inventories		18,866	18,538
Prepayments		4,049	3,876
Other assets	5	67	2,873
Total current assets		**97,654**	**131,910**
Non-current assets			
Other receivables		10	260
Investments accounted for using the equity method	6	484	495
Deferred tax assets		917	1,921
Property, plant and equipment		14,846	7,114
Intangible assets	7	5,603	60,167
Other assets	5	21,989	2,790
Total non-current assets		**43,849**	**72,747**
Total assets		**141,503**	**204,657**
LIABILITIES			
Current liabilities			
Trade and other payables		47,526	27,811
Borrowings		368	1,145
Current tax liabilities		853	72
Provisions		4,092	27,711
Deferred revenue		25,898	38,173
Other financial liabilities		-	1,000
Total current liabilities		**78,737**	**95,912**
Non-current liabilities			
Other payables		10,620	2,595
Deferred tax liabilities		241	1,671
Provisions		838	878
Total non-current liabilities		**11,699**	**5,144**
Total liabilities		**90,436**	**101,056**
Net assets		**51,067**	**103,601**
EQUITY			
Contributed equity		185,126	156,898
Other reserves		(17,881)	(1,376)
Accumulated losses		(117,392)	(52,075)
		49,853	103,447
Non-controlling interests		1,214	154
Total equity		**51,067**	**103,601**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.
All amounts are presented in US dollars.

Fluence Corporation Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

Consolidated entity	Contributed equity $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Non- controlling interests $'000	Total equity $'000
Balance at 1 January 2017	**53,129**	**(655)**	**(28,411)**	**24,063**	**-**	**24,063**
Loss for the period	-	-	(23,664)	(23,664)	96	(23,568)
Other comprehensive income	-	(721)	-	(721)	-	(721)
Total comprehensive income for the year	**-**	**(721)**	**(23,664)**	**(24,385)**	**96**	**(24,289)**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares, net of transaction costs	101,538	-	-	101,538	-	101,538
Issue of options	2,231	-	-	2,231	-	2,231
Non-controlling interests on acquisition of subsidiary	-	-	-	-	58	58
Balance at 31 December 2017	**156,898**	**(1,376)**	**(52,075)**	**103,447**	**154**	**103,601**
Adjustment on adoption of AASB 15	-	-	(407)	(407)	-	(407)
Adjustment on adoption of AASB 16	-	-	(328)	(328)	-	(328)
Restated balance at 1 January 2018	**156,898**	**(1,376)**	**(52,810)**	**102,712**	**154**	**102,866**
Loss for the period	-	-	(64,582)	(64,582)	955	(63,627)
Exchange differences on translation of foreign operations	-	(16,505)	-	(16,505)	-	(16,505)
Total comprehensive income for the year	**-**	**(16,505)**	**(64,582)**	**(81,087)**	**955**	**(80,132)**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares, net of transaction costs	26,237	-	-	26,237	-	26,237
Issue of options	1,991	-	-	1,991	-	1,991
Transactions with non-controlling interests	-	-	-	-	105	105
Balance at 31 December 2018	**185,126**	**(17,881)**	**(117,392)**	**49,853**	**1,214**	**51,067**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

Fluence Corporation Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2018

	Notes	Consolidated entity 31 December 2018 $'000	31 December 2017 $'000
Cash flows from operating activities			
Receipt from customers		50,168	28,062
Payments to suppliers and employees		(102,695)	(56,395)
Royalties paid to Chief Scientist Office (Israel)		(23)	(67)
Receipt from restricted cash		108	261
Interest received		3,066	686
Interest and other costs of finance paid		(353)	(144)
Income taxes paid		(154)	(870)
Net cash (outflow) from operating activities		**(49,883)**	**(28,467)**
Cash flows from investing activities			
Payment for purchases of plant and equipment		(2,848)	(3,717)
Funds transferred to term deposit		(780)	-
Proceeds from sale of property, plant and equipment		24	5
Proceeds from disposal of short-term deposits		-	1,064
Cash acquired as part of acquisition of RWL Water LLC		-	50,583
Acquisition of non-controlling interest in a subsidiary		(1,803)	-
Net cash (outflow) inflow from investing activities		**(5,407)**	**47,935**
Cash flows from financing activities			
Proceeds from issues of ordinary shares		26,416	31,001
Proceeds from exercise of share options		799	808
Final payment to redeem a note from original vendor of Emefcy Ltd (Israel)		(1,000)	-
Contributions from non-controlling interests		53	-
Transactions costs related to issue of ordinary shares		(977)	(476)
Repayment of borrowings		(468)	(634)
Finance lease payments		(1,631)	-
Net cash inflow from financing activities		**23,192**	**30,699**
Net (decrease) increase in cash and cash equivalents		(32,098)	50,167
Cash and cash equivalents at the beginning of the financial year		75,153	22,871
Effects of exchange rate changes on cash and cash equivalents		(4,314)	2,115
Cash and cash equivalents at end of year		**38,741**	**75,153**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. All amounts are presented in US dollars.

1 Statement of significant accounting policies

Corporate information

This Preliminary Financial Report covers the consolidated entity of Fluence Corporation Limited and its controlled entities (the 'Group' or 'Fluence'). The Group provides fast-to-deploy, decentralised and packaged water and wastewater treatment solutions.

The Group's Preliminary Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full Financial Report.

Basis of presentation

This Preliminary Financial Report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of the Australian Accounting Standards and Interpretations and the *Corporations Act 2001*. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

The presentation currency adopted in the preparation of the Preliminary Financial Report is United States Dollars.

New and amended standards adopted by the group

AASB 9: *Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial instruments, to introduce new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. The standard also introduces a new expected-loss impairment model that requires more timely recognition of expected credit losses.

During the year the Group has assessed the impact of AASB 9 on the financial statements. The assessment concluded that the current accounting treatment of financial instruments of the Group is in line with the requirements of AASB 9. Consequently there is no material impact on 2018 results.

AASB 15: *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. The core principle is that revenue must be recognised when goods or services are transferred to a customer, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This could be at a point in time or over time.

During the year the Group has assessed their revenues and identified the impact of AASB 15 on the financial statements. This included identifying the material contracts entered into by the Group, identifying the performance obligations, determining the transaction price, allocating the transaction price to the performance obligations and recognising revenue as, or when, each performance obligation is satisfied.

1 Statement of significant accounting policies (continued)

New and amended standards adopted by the group (continued)

The assessment identified an impact on revenue:

(1) Revenue recognition at a point in time or over time -

The majority of the Group's revenue is from projects that require significant engineering design, procurement of equipment and construction to deliver a functioning facility or asset. These contracts are usually known as Engineering, Procurement and Construction (EPC) contracts or equipment sales. Revenue on EPC contracts was previously recognised over time in accordance with previous accounting standards.

AASB 15 states that an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

b. the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

c. the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

As work is performed on the assets being constructed are controlled by the customer, and have no alternative use for Fluence, with the Group having a right to payment for performance to date, the performance obligation is fulfilled over time and as such revenue is recognised over time.

The Group has identified a small number of contracts that do not meet the above criteria. Revenue in relation to these projects is recognised at a point in time under AASB15. Under the previous accounting standard this revenue would have been recognised over time. The total impact on 2017 and 2018 revenue is a reduction of $(2,462,000) and gain of $706,000, respectively.

(2) Separate performance obligation -

Some of the Group's contracts includes separate performance obligations that were not identified as such according to the previous accounting treatment. These performance obligations are mainly warranties provided to the client as part of the contract. AASB 15 distinguishes between two types of warranty:

a. Assurance Warranty - warranty that simply provides assurance the product complies with agreed-upon specifications.

b. Service Warranty - warranty that provides a service that can be purchased by the customer in addition to the assurance warranty.

The impact of service warranty included in the contracts in 2017 and 2018 on revenue is a reduction of $(94,000) and a gain of $37,000, respectively.

(3) Incremental costs to obtain a contract -

AASB 15 states that a company shall recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that a company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, such as sales commissions and finder fees. The impact of these incremental costs to obtain a contract on 2017 and 2018 revenues was a reduction of $(320,000) and $(102,000), respectively.

1 Statement of significant accounting policies (continued)

New and amended standards adopted by the group (continued)

	Revenue recognised over time and should be recognised at a point in time		**Revenue includes a separate performance obligation**		**Revenue includes incremental costs to obtain a contract**	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	706	(2,462)	37	(94)	(102)	(320)

The Group has adopted AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under AASB 118, AASB 111 and related interpretations.

AASB 16: *Leases*

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation on the asset and interest on the liability will be recognised.

The Group have assessed the impact of the implementation of AASB 16 on 2018 results as follows:

	December 31, 2018 $'000
Asset	8,750
Accumulated depreciation	(1,640)
Asset, net	7,110
Liability	7,345

The adoption of AASB 16 resulted in adjustment to the opening balance of accumulated losses at 1 January 2018 by $328,000.

	2018 $'000
Depreciation expenses	1,674
Interest expenses	264

Hyperinflationary economy in Argentina

During the first half of 2018, the Argentine Peso devalued significantly which led the Argentinian government to declare a hyperinflation economy in the country. As a result, from 1 January 2018, the Group applied *"IAS 29 - Financial Reporting in Hyperinflationary Economies"* with regard to the Argentinian entity. IAS 29 applies to the financial statements of companies whose functional currency is the currency of a hyperinflation economy.

Based on the hyperinflation economy declared, the Group reassessed the functional currency of its Argentinian entity which concluded it to be the Argentinian Peso (no change since last assessment).

IAS 29 requires remeasurement of non-monetary items, equity and contracts, denominated in foreign currencies by applying an inflation index that reflects general price developments in the hyperinflation period. This index was published by the Argentinian government during January 2019.

1 Statement of significant accounting policies (continued)

Hyperinflationary economy in Argentina (continued)

The treatment in accordance with IAS 29 had the following impact on the Group's Statement of Profit and Loss and Other Comprehensive Income and the Statement of Financial Position:

Statement of Profit and Loss and Other Comprehensive Income -

	2018 $'000
Revenues	(17,226)
Cost of sales	(2,523)
Sales and marketing expenses	(185)
General and administration expenses	(279)
Other gains/(loss) - net	(6)
Finance income/(costs) - net	(486)

Statement of Financial Position -

	31 December 2018 $'000
Property, plant and equipment	843
Deferred revenue	(9,534)
Equity	(2,471)

Provisions

Onerous contract provision -

In 2016, prior to the acquisition of RWL Water by Fluence (previously Emefcy) on 14 July 2017, RWL Water recognised a provision for onerous contract from a specific project they entered into in 2015. On 31 December 2018, and upon this project being close to completion, the Group reviewed the amount of the provision. Based on the actual results it was assessed that it is no longer probable that an outflow of resources, embodying economic benefits would be required to settle the original obligation, and that the provision should be reversed.

	31 December 2018 $'000	31 December 2017 $'000
Onerous contract provision	-	23,656

The onerous provision was released to cost of sales in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the 31 December 2018 financial year.

2 Segment information

Segment disclosure replicates the manner in which the Managing Director and Chief Operating Decision Maker (CODM) monitors the business performance.

The Group's operating segments are:

• Operating Units (OUs) - These are defined as the operating entities of the Group that earn revenues and incur expenses that are reviewed by the CODM and their discrete financial information is available. OUs' include the Group's entities in Argentina, Italy, Israel, USA, China and Middle East. The OUs are aggregated into a single operating segment on the basis that the OUs are similar in each of the following respects:

2 Segment information (continued)

- nature of the products and services;
- nature of the production processes;
- type or class of customer for their products and services;
- methods used to distribute their products or provide their services; and
- nature of the regulatory environment

• Product and Innovation Group (P&I) - Defined as the Research and Development vehicle of the Group.

2018	Operating Units $'000	Production and Innovation $'000	Intersegment Elimination $'000	Total $'000
Segment revenue				
Operating revenue and other income	100,722	1,588	(1,197)	101,113
Unallocated revenue - corporate	-	-	-	10
	100,722	**1,588**	**(1,197)**	**101,123**
Segment expense				
Segment depreciation and amortisation expense	(1,886)	(860)	-	(2,746)
Goodwill impairment	(56,293)	-	-	(56,293)
Segment expense	(103,690)	(11,995)	22,661	(93,024)
Unallocated expenses - corporate	-	-	-	(12,687)
	(161,869)	**(12,855)**	**22,661**	**(164,750)**
Segment results	**(61,147)**	**(11,267)**	**21,464**	**(63,627)**
Assets				
Segment assets	115,668	9,006	(1,383)	123,291
Unallocated assets - corporate	-	-	-	18,212
	115,668	**9,006**	**(1,383)**	**141,503**
Liabilities				
Segment liabilities	(81,178)	(8,663)	3,004	(86,837)
Unallocated liabilities - corporate	-	-	-	(3,599)
	(81,178)	**(8,663)**	**3,004**	**(90,436)**

2018	The Americas $'000	Rest of the World $'000	Total $'000
Other information			
External sales revenue by geographical segment	62,525	38,598	101,123
Property, plant and equipment by geographical segment	5,514	9,332	14,846

2 Segment information (continued)

2017	Operating Units $'000	Production and Innovation $'000	Intersegment Elimination $'000	Total $'000
Segment revenue				
Operating revenue and other income	33,850	1,097	(1,759)	33,188
	33,850	**1,097**	**(1,759)**	**33,188**
Segment expense				
Segment depreciation and amortisation expense	(327)	(343)	-	(670)
Segment expense	(32,759)	(13,191)	3,621	(42,329)
Unallocated expenses - corporate	-	-	-	(13,757)
	(33,086)	**(13,534)**	**3,621**	**(56,756)**
Segment result	**764**	**(12,437)**	**1,862**	**(23,568)**
Assets				
Segment assets	164,172	6,687	(40)	170,819
Unallocated assets - corporate	-	-	-	33,838
	164,172	**6,687**	**(40)**	**204,657**
Liabilities				
Segment liabilities	(90,635)	(3,930)	281	(94,284)
Unallocated liabilities - corporate	-	-	-	(6,772)
	(90,635)	**(3,930)**	**281**	**(101,056)**

2017	The Americas $'000	Rest of the World $'000	Total $'000
Other information			
External sales revenue by geographical segment	18,697	14,491	33,188
Property, plant and equipment by geographical segment	3,022	4,092	7,114

Unallocated revenue

	Consolidated entity 31 December 2018 $'000	Consolidated entity 31 December 2017 $'000
Unallocated revenue	10	-

2 Segment information (continued)

Unallocated expenses

	Consolidated entity	
	31 December 2018 $'000	31 December 2017 $'000
Other corporate expenses	(12,687)	(13,757)

Unallocated assets

	Consolidated entity	
	31 December 2018 $'000	31 December 2017 $'000
Cash and cash equivalents	14,003	28,768
Other assets	4,209	5,070
	18,212	**33,838**

Unallocated liabilities

	Consolidated entity	
	31 December 2018 $'000	31 December 2017 $'000
Trade and other payables	(2,126)	(5,772)
Other liabilities	(1,473)	(1,000)
	(3,599)	**(6,772)**

Intersegment transactions

Intersegment transactions are made at market rates. Intersegment transactions are eliminated on consolidation.

3 Operating revenue

	Consolidated entity	
	2018 $'000	2017 $'000
Operating revenue		
Revenues on equipment sales	45,866	17,795
Revenues on EPC contracts	27,749	11,113
Revenue on service concession arrangements	20,847	578
Revenues on services	3,699	2,199
Other	2,712	1,398
	100,873	**33,083**

4 Loss per share

(a) Basic loss per share

	Consolidated entity 31 December 2018 $	Consolidated entity 31 December 2017 $
Loss attributable to the ordinary equity holders of the Group	(0.14)	(0.07)

(b) Diluted loss per share

	Consolidated entity 31 December 2018 $	Consolidated entity 31 December 2017 $
Loss attributable to the ordinary equity holders of the Group	(0.14)	(0.07)

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity 31 December 2018 $'000	Consolidated entity 31 December 2017 $'000
Loss attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:		
From continuing operations	(63,627)	(23,568)

(d) Weighted average number of shares used as the denominator

	Consolidated entity 2018 Number	Consolidated entity 2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**439,535,108**	**319,728,992**

5 Other assets

	Consolidated entity 31 December 2018 $'000	Consolidated entity 31 December 2017 $'000
Current assets		
Shares in trust to acquire non-controlling interests	-	2,178
Other	67	695
	67	**2,873**

5 Other assets (continued)

	Consolidated entity	
	31 December 2018 $'000	31 December 2017 $'000
Non-current assets		
Concession arrangements financial asset	18,830	-
Construction bond	2,400	2,400
AASB 15 Incremental costs asset	300	-
Other	459	390
	21,989	**2,790**

6 Investments accounted for using the equity method

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of relationship	Measurement method	Quoted fair value / Carrying Amount 31 December 2018 $'000	Quoted fair value / Carrying Amount 31 December 2017 $'000
E.T.G.R Water Infrastructure Management	Israel	50%	Associate	Equity method	484	428
RWL WATER MEXICO, S DE RL DE CV.	Mexico	49%	Joint Venture	Equity method	-	67
					484	**495**

As of 31 December 2018, the Group holds 50% interest in E.T.G.R Water Infrastructure Management partnership and a 49% interest in RWL WATER MEXICO, S DE RL DE CV. These investments contributed $26,000 to Fluence Corporation Limited net loss, which is included in 'Other gains/(loss) - net' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

7 Intangible assets

Consolidated entity	Goodwill $'000	Capitalised development costs $'000	Capitalised concession asset $'000	Total $'000
Year ended 31 December 2017				
Opening net book amount	-	2,134	-	2,134
Business acquisition	56,293	-	1,225	57,518
Additions	-	-	598	598
Amortisation charge	-	(167)	-	(167)
Currency translation differences	-	241	(157)	84
Closing net book amount	**56,293**	**2,208**	**1,666**	**60,167**

7 Intangible assets (continued)

Consolidated entity	**Goodwill $'000**	**Capitalised development costs $'000**	**Capitalised concession asset $'000**	**Total $'000**
Year ended 31 December 2018				
Opening net book amount	56,293	2,208	1,666	60,167
Additions	-	-	2,017	2,017
Impairment loss (i)	(56,293)	-	-	(56,293)
Amortisation charge	-	(138)	-	(138)
Currency translation differences	-	(158)	8	(150)
Closing net book amount	**-**	**1,912**	**3,691**	**5,603**

(i) **Impairment tests for goodwill**

The Directors have conducted an overall review of their Value in Use model at 30 June 2018 and have determined the Goodwill to be fully impaired for all three Cash Generating Units (CGU's) the Goodwill was attributed to. An impairment of $56,293,000 has been recognised in the Financial Statements for the year ended 31 December 2018.

8 Commitments and Contingent Liabilities

The Group is involved in litigation in the ordinary course of business.

9 Events occurring after the reporting period

On February 27, 2019, the Company signed a commercial agreement with the Federal Government of Ivory Coast for the turnkey supply of a 150,000 m3/day surface-water treatment plant in the amount of €165 million. Financial Close and Project Commencement is expected by the third quarter of 2019. For more information please see the Company announcement on the ASX website from February 27, 2019.

10 Audit

This Preliminary Financial Report is currently in the process of being audited. An Annual Report for the year ended 31 December 2018 containing the Audit Report shall be provided in due course.