

Urbanise.com Pty Ltd
ACN 095 768 086

Consolidated Financial report
For the year ended 30 June 2013

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URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entities, for the year ended 30 June 2013 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Russell William Bate (Resigned 29 May 2013, Re-appointed 26 March 2014)

Robert Gordon Cumming

David Lachlan Cronin

Steven Bryce Outtrim (Resigned 12 March 2014)

Benjamin Churchill (Appointed 12 February 2014)

David Burlington (Appointed 26 March 2014)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the group for the year after providing for income tax amounted to \$2,203,046 (2012: \$1,105,074).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the group during the year was development and commercialisation of intellectual property associated software licensing and consulting services.

No significant change in the nature of these activities occurred during the year.

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DIRECTORS' REPORT

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years are as follows:

Issue of shares

The following shares have been issued subsequent to year end:

Fully Paid Ordinary Shares

31 December 2013, 10,102 shares at US\$3.61 per share

28 March 2014, 52,500 shares at \$0.01 per share

5 May 2014, 138,500 shares at \$3.86 per share

6 June 2014, 14,326 shares at US\$3.61 per share

In May 2014, Urbanise.com Pty Ltd entered into a contract with Construction Industry Solutions Limited to purchase and take assignment of a non-exclusive licence to integrate, re-sell, market and commercialise all of Construction Industry Solutions Limited's interest in a non-exclusive Software Source Code licence (the intellectual property). Urbanise.com Pty Ltd has agreed to issue Construction Industry Solutions Limited 138,500 ordinary shares at US\$3.61 in accordance with the agreement.

B Class Preference Shares

12 January 2014, 55,000 shares at US\$3.91 per share

20 January 2014, 50,000 shares at US\$3.91 per share

27 January 2014, 138,500 shares at US\$3.91 per share

21 February 2014, 138,500 shares at US\$3.91 per share

24 March 2014, 100,000 shares at US\$3.91 per share

27 March 2014, 86,565 shares at US\$3.91 per share

31 March 2014, 908,130 shares at US\$3.91 per share

Share Options

The following share options have been issued subsequent to year end:

Employee Share Options

11 December 2013, 100,000 options at US\$3.00 per each share acquired, expiring 31 December 2018

11 December 2013, 100,000 options at US\$4.51 per each share acquired, expiring 31 December 2018

11 December 2013, 100,000 options at US\$5.65 per each share acquired, expiring 31 December 2018

6 June 2014, 150,000 options at US\$3.61 per each share acquired, expiring 6 June 2019

29 January 2014, 40,000 options at US\$3.61 per each share acquired, expiring 29 January 2017.

Options

30 August 2013, 20,000 options at AUD\$3.20 per each share acquired 31 December 2015.

27 January 2014, 138,500 options at US\$3.61 per each share acquired 31 December 2014.

Convertible Loans

Convertible loans totalling \$3,401,291 have been converted to 875,755 B Class Preference Shares at 31 March 2014.

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DIRECTORS' REPORT

Likely developments

The group expects to maintain the present status and level of operations.

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

Options over unissued ordinary shares granted by Urbanise.com Pty Ltd during or since the financial year to the directors and any of the 5 most highly remunerated officers of the group (other than the directors) were as follows:

Directors	Options granted
Russell William Bate	100,000
Robert Gordon Cumming	950,000
Benjamin Churchill	300,000
David Burlington	85,000

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DIRECTORS' REPORT

Options (Continued)

Shares under option

Unissued ordinary shares of Urbanise.com Pty Ltd under option at the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
07/04/2009	47,500	3.61	07/10/2015
30/04/2011	400,000	1.60	31/12/2015
03/10/2011	5,000	3.61	30/09/2018
10/10/2011	420,000	3.61	10/10/2016
10/10/2011	40,000	0.01	10/10/2016
30/06/2012	150,000	3.61	30/06/2017
09/08/2012	50,000	1.25	09/08/2017
09/08/2012	50,000	2.50	09/08/2017
05/10/2012	85,000	3.20	09/08/2017
30/06/2013	150,000	3.61	30/06/2018
30/08/2013	20,000	3.20	31/12/2015
11/12/2013	100,000	3.00	31/12/2018
11/12/2013	100,000	4.51	31/12/2018
11/12/2013	100,000	5.64	31/12/2018
27/01/2014	138,500	3.61	31/12/2014
29/01/2014	40,000	3.61	29/01/2017
06/06/2014	150,000	3.61	06/06/2019

No option holder has any right under the options to participate in any other share issue of the group.

Indemnification of officers

During or since the end of the year, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the group against liabilities that may arise from their position as officers of the company. Officers indemnified include all directors and executive officers participating in the management of the company.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

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DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

Signed on behalf of the board of directors.



Director: _____

David Lachlan Cronin

Dated this

24th

day of

June

2014

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

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

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



M W PRINGLE
Partner



PITCHER PARTNERS
Melbourne

Date: 26 June 2014

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue			
Sales revenue	2	783,181	2,826,851
Other revenue	2	<u>843,250</u>	<u>46,333</u>
		<u>1,626,431</u>	<u>2,873,184</u>
Less: expenses			
Depreciation and amortisation expense	3	(324,743)	(255,541)
Employee benefits expense	3	(240,183)	(744,750)
Occupancy expense		(19,214)	(51,319)
Lease expense	3	(143,640)	(162,520)
Finance costs	3	(6,843)	(39,571)
Foreign exchange (loss)/gain	3	(14,033)	5,879
Loss on disposal of property, plant and equipment	3	-	(45,683)
Travel		(80,952)	(61,861)
Contractor expense		(473,339)	(196,040)
Professional fees		(170,761)	(4,422)
Bad debt expenses	3	-	(10,645)
Data centre hosting expenses		(72,280)	(82,279)
Other expenses		<u>(124,606)</u>	<u>(119,358)</u>
		<u>(1,670,594)</u>	<u>(1,768,110)</u>
Profit / (loss) before income tax expense		(44,163)	1,105,074
Income tax benefit	4	<u>2,247,209</u>	-
Net profit from continuing operations		<u>2,203,046</u>	<u>1,105,074</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		-	7,008
Other comprehensive income for the year		-	7,008
Total comprehensive income		<u>2,203,046</u>	<u>1,112,082</u>

The accompanying notes form part of these financial statements.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	5	1,382	36,379
Receivables	6	954,577	1,181,847
Other assets	7	<u>22,990</u>	<u>24,983</u>
Total current assets		<u>978,949</u>	<u>1,243,209</u>
Non-current assets			
Intangible assets	8	3,159,599	2,776,294
Deferred tax assets	4	2,247,209	-
Property, plant and equipment	9	<u>25,850</u>	<u>40,656</u>
Total non-current assets		<u>5,432,658</u>	<u>2,816,950</u>
Total assets		<u>6,411,607</u>	<u>4,060,159</u>
Current liabilities			
Payables	10	927,746	1,079,552
Borrowings	11	3,501,305	3,329,978
Provisions	12	<u>249,045</u>	<u>218,904</u>
Total current liabilities		<u>4,678,096</u>	<u>4,628,434</u>
Non-current liabilities			
Provisions	12	<u>135,930</u>	<u>130,659</u>
Total non-current liabilities		<u>135,930</u>	<u>130,659</u>
Total liabilities		<u>4,814,026</u>	<u>4,759,093</u>
Net assets		<u>1,597,581</u>	<u>(698,934)</u>
Equity			
Share capital	13	12,180,096	12,086,627
Accumulated losses	14	<u>(10,582,515)</u>	<u>(12,785,561)</u>
Total equity		<u>1,597,581</u>	<u>(698,934)</u>

The accompanying notes form part of these financial statements.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
Consolidated				
Balance as at 1 July 2011	11,806,318	(463,727)	(13,433,916)	(2,091,325)
Profit for the year	-	-	1,105,074	1,105,074
Exchange differences on translation of foreign operations	<u>-</u>	<u>7,008</u>	<u>-</u>	<u>7,008</u>
Total comprehensive income for the year	<u>-</u>	<u>7,008</u>	<u>1,105,074</u>	<u>1,112,082</u>
Transfers	-	456,719	(456,719)	-
Transactions with owners in their capacity as owners:				
Contributions	281,161	-	-	281,161
Options cancelled	<u>(852)</u>	<u>-</u>	<u>-</u>	<u>(852)</u>
Total transactions with owners in their capacity as owners	<u>280,309</u>	<u>-</u>	<u>-</u>	<u>280,309</u>
Balance as at 30 June 2012	<u>12,086,627</u>	<u>-</u>	<u>(12,785,561)</u>	<u>(698,934)</u>
Balance as at 1 July 2012	12,086,627	-	(12,785,561)	(698,934)
Profit for the year	<u>-</u>	<u>-</u>	<u>2,203,046</u>	<u>2,203,046</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>2,203,046</u>	<u>2,203,046</u>
Transactions with owners in their capacity as owners:				
Contributions	<u>93,469</u>	<u>-</u>	<u>-</u>	<u>93,469</u>
Total transactions with owners in their capacity as owners	<u>93,469</u>	<u>-</u>	<u>-</u>	<u>93,469</u>
Balance as at 30 June 2013	<u>12,180,096</u>	<u>-</u>	<u>(10,582,515)</u>	<u>1,597,581</u>

The accompanying notes form part of these financial statements.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Receipts from customers		2,036,008	2,404,145
Payments to suppliers and employees		(1,582,337)	(1,751,308)
Interest received		4,778	14,970
Finance costs		<u>(6,843)</u>	<u>(39,571)</u>
Net cash provided by operating activities		<u>451,606</u>	<u>628,236</u>
 Cash flow from investing activities			
Payment for intangibles		<u>(693,242)</u>	<u>(809,693)</u>
Net cash used in investing activities		<u>(693,242)</u>	<u>(809,693)</u>
 Cash flow from financing activities			
Proceeds from share issue		-	125,000
Proceeds from borrowings		<u>206,625</u>	<u>-</u>
Net cash provided by financing activities		<u>206,625</u>	<u>125,000</u>
 Reconciliation of cash			
Cash at beginning of the financial year		36,379	92,836
Net increase / (decrease) in cash held		<u>(35,011)</u>	<u>(56,457)</u>
Cash at end of financial year		<u><u>1,368</u></u>	<u><u>36,379</u></u>

The accompanying notes form part of these financial statements.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the group. The directors have determined that the group is not a reporting entity. Urbanise.com Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 2:	Share-based Payments
AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 124:	Related Party Disclosures
AASB 132:	Financial Instruments: Presentation
AASB 136:	Impairments of Assets
AASB 138:	Intangible Assets

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The group earned a profit from ordinary activities of \$2,203,046 during the year ended 30 June 2013.

Included in the total assets of the group at 30 June 2013 are \$3,159,599 of intangibles. If these were excluded from the assets then the group would be in a negative asset position of \$3,809,227. Also note that included in the liabilities are Convertible Loans of \$3,501,305 of which \$3,206,036 have been converted to shares at 31 March 2014.

The company's cashflow projections for the 12 month period ended 30 June 2015 show that the company will have a positive cash position of \$3.8million and therefore sufficient funds to enable the business to operate and pay its debts as and when they fall due. It is noted that a high proportion of the cash income and timing of such, is dependant on the company's clients conversion rate of their own end customers.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

(d) Revenue

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

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue from the rendering of services is determined with reference to the stage of completion of the transaction at reporting date and where outcomes of the contract can be measured reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity and its wholly owned Australian subsidiary have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2008. The parent entity and subsidiary in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiary recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangibles

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

Intellectual Property

Intangible assets relate to the Intellectual Property purchased from CNA Group Ltd, initially recorded at fair value based on the Ordinary Shares issued.

Research and Development

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

1. Technical feasibility of completing development of the software for sale.
2. Availability of adequate technical, financial and other resources to complete development of the software.
3. Reliable measurement of expenditure attributable to the product during its development
4. High probability of the software being used by current or new customers

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

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

(h) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment at cost	2.5% - 100%	Diminishing value

(j) Financial instruments

Classification

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Financial liabilities

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

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

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(k) Leases

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

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs are expensed as incurred.

(n) Foreign currency translations and balances

Functional and presentation currency

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

Transactions and Balances

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

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different from the presentation currency are translated as follows:

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

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

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Comparatives

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

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 2: REVENUE		
Sales income		
Licence income	260,915	2,101,575
Rendering of services	<u>522,266</u>	<u>725,276</u>
	<u>783,181</u>	<u>2,826,851</u>
Other revenue		
Interest income	4,778	14,970
Export market development grant	37,326	31,363
Research and Development refund	<u>801,146</u>	<u>-</u>
	<u>843,250</u>	<u>46,333</u>
NOTE 3: OPERATING PROFIT		
Profit / (losses) before income tax has been determined after:		
Finance costs	6,843	39,571
Depreciation	14,806	26,574
Amortisation	309,937	228,967
Bad debts		
- trade debtors	-	10,645
Rental expense on operating leases		
- minimum lease payments	143,640	162,520
Foreign currency translation losses	14,033	(5,879)
Employee benefits:		
- Other employee benefits	240,183	744,750
Net loss on disposal of non-current assets		
- Loss on sale of property, plant and equipment	-	45,683

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 4: INCOME TAX		
(a) Components of tax expense		
Deferred tax	(2,247,209)	-
	<u>(2,247,209)</u>	<u>-</u>
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30.0% (2012: 30.0%)	(13,249)	331,522
Add tax effect of:		
- research and development	207,973	242,908
- Other non-allowable items	39,914	39,699
- timing differences brought to account	<u>383,920</u>	<u>-</u>
	631,807	282,607
Less tax effect of:		
Other timing differences not brought to account	-	236,653
Tax losses utilised in current year	-	377,476
Non-assessable R&D refund	240,344	-
Tax losses brought to account	<u>2,625,423</u>	<u>-</u>
	<u>2,865,767</u>	<u>614,129</u>
Income tax benefit attributable to profit	<u>(2,247,209)</u>	<u>-</u>
(c) Deferred tax		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	2,771,877	-
Employee benefits	115,493	-
Accruals	<u>18,359</u>	<u>-</u>
	<u>2,905,729</u>	<u>-</u>
<i>Deferred tax liabilities</i>		
The balance comprises:		
Research and development	<u>658,520</u>	<u>-</u>
	<u>658,520</u>	<u>-</u>
Net deferred tax assets / (liabilities)	<u>2,247,209</u>	<u>-</u>

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 4: INCOME TAX (CONTINUED)		
(d) Deferred tax assets not brought to account		
Temporary differences	-	(383,920)
Operating tax losses	-	2,625,424
	<u>-</u>	<u>2,241,504</u>
	<u>-</u>	<u>2,241,504</u>
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	1,382	1,382
Cash at bank	-	34,997
	<u>1,382</u>	<u>36,379</u>
	<u>1,382</u>	<u>36,379</u>
NOTE 6: RECEIVABLES		
CURRENT		
Trade debtors	125,541	963,379
Other receivables	829,036	218,468
	<u>954,577</u>	<u>1,181,847</u>
	<u>954,577</u>	<u>1,181,847</u>
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	-	1,993
Other current assets	22,990	22,990
	<u>22,990</u>	<u>24,983</u>
	<u>22,990</u>	<u>24,983</u>
NOTE 8: INTANGIBLE ASSETS		
Intellectual property	1,361,525	1,361,525
Accumulated amortisation and impairment	(396,990)	(264,660)
	964,535	1,096,865
Research and development at cost	2,469,308	1,776,066
Accumulated amortisation and impairment	(274,244)	(96,637)
	<u>2,195,064</u>	<u>1,679,429</u>
	<u>2,195,064</u>	<u>1,679,429</u>
Total intangible assets	<u>3,159,599</u>	<u>2,776,294</u>
	<u>3,159,599</u>	<u>2,776,294</u>

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 8: INTANGIBLE ASSETS (CONTINUED)		
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Intellectual property</i>		
Opening balance	1,096,865	1,229,195
Amortisation expense	<u>(132,330)</u>	<u>(132,330)</u>
Closing balance	<u>964,535</u>	<u>1,096,865</u>
<i>Research and development at cost</i>		
Opening balance	1,679,429	966,373
Additions	693,242	809,693
Amortisation expense	<u>(177,607)</u>	<u>(96,637)</u>
Closing balance	<u>2,195,064</u>	<u>1,679,429</u>

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment		
Plant and equipment at cost	214,962	214,962
Accumulated depreciation	<u>(189,112)</u>	<u>(174,306)</u>
Total property, plant and equipment	<u>25,850</u>	<u>40,656</u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

<i>Plant and equipment</i>		
Opening carrying amount	40,656	112,913
Disposals	-	(45,683)
Depreciation expense	<u>(14,806)</u>	<u>(26,574)</u>
Closing carrying amount	<u>25,850</u>	<u>40,656</u>

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 10: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	274,100	503,230
GST credits	-	4,465
Accrued expenses	207,783	356,509
Loan from associates	<u>445,863</u>	<u>215,348</u>
	<u>927,746</u>	<u>1,079,552</u>

NOTE 11: BORROWINGS

CURRENT		
<i>Unsecured liabilities</i>		
Bank overdraft	<u>14</u>	<u>-</u>
<i>Secured liabilities</i>		
Convertible loans	<u>3,501,291</u>	<u>3,329,978</u>
	<u>3,501,305</u>	<u>3,329,978</u>

(a)

The convertible loans relate to a number of agreements all of which have been provided on a full recourse basis. At the Repayment Date, the repayment by the Company of these facilities will take preference over all other unsecured creditor obligations of the Company. The conversion terms were amended on 10 February 2011 to state that the repayment amount will be repaid in Series B Shares.

Convertible loans totaling \$3,401,291 have been converted to 875,755 B Class preference shares at 31 March 2014.

The remaining balance of \$100,000 was repaid on 14 April 2014.

NOTE 12: PROVISIONS

CURRENT		
Employee benefits	(a) <u>249,045</u>	<u>218,904</u>
NON CURRENT		
Employee benefits	(a) <u>135,930</u>	<u>130,659</u>
(a) Aggregate employee benefits liability	384,975	349,563

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 13: SHARE CAPITAL		
Issued and paid-up capital		
3,602,572 (2012: 3,578,410) Fully paid ordinary shares	1,933,328	1,839,859
2,015,612 (2012: 2,015,612) B Class Preference Shares	10,239,888	10,239,888
1,463,000 (2012: 1,128,000) Employee share options	6,880	6,880
5,000 (2012: 5,000) Options	-	-
	<u>12,180,096</u>	<u>12,086,627</u>

	2013		2012	
	Number	\$	Number	\$
(a) Fully paid ordinary shares				
Opening balance	3,578,410	1,839,859	3,430,000	1,624,300
Shares issued:				
26 March 2012	-	-	125,000	125,000
1 July 2011	-	-	9,000	34,816
31 December 2011	-	-	6,990	27,040
30 June 2012	-	-	7,420	28,703
31 December 2012	13,790	53,345	-	-
30 June 2013	<u>10,372</u>	<u>40,124</u>	-	-
	<u>24,162</u>	<u>93,469</u>	<u>148,410</u>	<u>215,559</u>
At reporting date	<u>3,602,572</u>	<u>1,933,328</u>	<u>3,578,410</u>	<u>1,839,859</u>
(b) B Class Preference Shares				
Opening balance	2,015,612	10,239,888	1,998,758	10,179,888
Shares issued:				
28 December 2011	-	-	5,618	20,000
29 December 2011	-	-	5,618	20,000
30 December 2011	<u>-</u>	<u>-</u>	<u>5,618</u>	<u>20,000</u>
	<u>-</u>	<u>-</u>	<u>16,854</u>	<u>60,000</u>
At reporting date	<u>2,015,612</u>	<u>10,239,888</u>	<u>2,015,612</u>	<u>10,239,888</u>

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: SHARE CAPITAL (CONTINUED)

(c) Employee share options

Opening balance	1,128,000	6,880	523,000	2,130
Options issued:				
10 October 2011	-	-	560,200	5,602
30 June 2012	-	-	150,000	-
9 August 2012	100,000	-	-	-
5 October 2012	85,000	-	-	-
30 December 2013	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	335,000	-	710,200	5,602
Options cancelled				
30 September 2011	-	-	(2,000)	(20)
30 November 2011	-	-	(44,200)	(442)
28 February 2012	-	-	(34,000)	(340)
1 March 2012	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(50)</u>
At reporting date	<u>1,463,000</u>	<u>6,880</u>	<u>1,128,000</u>	<u>6,880</u>

(d) Options

Opening balance	5,000	-	180,000	-
Options expired:				
31 March 2012	<u>-</u>	<u>-</u>	<u>(175,000)</u>	<u>-</u>
At reporting date	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

B class preference shares have identical rights as the ordinary shares with additional entitlements to participate, on an as-converted basis, with shares on any other dividends or distributions declared by the board and on liquidation or winding up the proceeds shall be applied to first pay Series B shareholders.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: SHARE CAPITAL (CONTINUED)

Share options

Options over ordinary shares:

Options

During the year NIL (2012: NIL) options have been granted. The market value of ordinary Urbanise.com Pty Ltd shares closed at NIL on 30 June 2013 (NIL on 30 June 2012).

Employee share options

The group continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the companies

In determining the indicative value of these options there was consideration to the underlying share price of the options. In respect of this the following is noted:

- Urbanise.com generated minimal profit at an earnings level during 2013; and
- Net assets of the business are deficient by approximately \$0.65m, however \$3.2 million of these assets represent intangible assets booked during the 2010-2013 financial year.

Given the above the underlying share price of the options is likely to be nil and have been valued as such.

During the financial year, 335,000 (2012: 710,200) options have been granted under this scheme The market value of ordinary Urbanise.com Pty Ltd shares closed at NIL on 30 June 2013 (NIL on 30 June 2012).

NOTE 14: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(12,785,561)	(13,433,916)
Net profit	2,203,046	1,105,074
Transfers from / (to) reserves	-	(456,719)
	<u>(10,582,515)</u>	<u>(12,785,561)</u>

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

	Country of incorporation	Ownership interest held by the group	
		2013	2012
		%	%
Subsidiaries of Urbanise.com Pty Ltd:			
Urbanise.com (MENA) Pty Ltd (formerly Majitek MENA Holdings Pty Ltd)	Australia	100	100

	2013	2012
	\$	\$
NOTE 16: CAPITAL AND LEASING COMMITMENTS		
<i>(a) Operating lease commitments</i>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	87,234	83,879
- later than one year and not later than five years	<u>82,886</u>	<u>170,120</u>
	<u>170,120</u>	<u>253,999</u>

Operating lease over Suite 1101, Level 11, 343 Little Collins Street for a term of 3 years, expiring 25/6/15 with the option to renew for a further 3 years.

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

Issue of shares

The following shares have been issued subsequent to year end:

Fully Paid Ordinary Shares

31 December 2013, 10,102 shares at US\$3.61 per share

28 March 2014, 52,500 shares at \$0.01 per share

5 May 2014, 138,500 shares at \$3.86 per share

6 June 2014, 14,326 shares at US\$3.61 per share

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

In May 2014, Urbanise.com Pty Ltd entered into a contract with Construction Industry Solutions Limited to purchase and take assignment of a non-exclusive licence to integrate, re-sell, market and commercialise all of Construction Industry Solutions Limited's interest in a non-exclusive Software Source Code licence (the intellectual property). Urbanise.com Pty Ltd has agreed to issue Construction Industry Solutions Limited 138,500 ordinary shares at US\$3.61 in accordance with the agreement.

B Class Preference Shares

12 January 2014, 55,000 shares at US\$3.91 per share
20 January 2014, 50,000 shares at US\$3.91 per share
27 January 2014, 138,500 shares at US\$3.91 per share
21 February 2014, 138,500 shares at US\$3.91 per share
24 March 2014, 100,000 shares at US\$3.91 per share
27 March 2014, 86,565 shares at US\$3.91 per share
31 March 2014, 908,130 shares at US\$3.91 per share

Share Options

The following share options have been issued subsequent to year end:

Employee Share Options

11 December 2013, 100,000 options at US\$3.00 per each share acquired, expiring 31 December 2018
11 December 2013, 100,000 options at US\$4.51 per each share acquired, expiring 31 December 2018
11 December 2013, 100,000 options at US\$5.65 per each share acquired, expiring 31 December 2018
6 June 2014, 150,000 options at US\$3.61 per each share acquired, expiring 6 June 2019
29 January 2014, 40,000 options at US\$3.61 per each share acquired, expiring 29 January 2017.

Options

30 August 2013, 20,000 options at AUD\$3.20 per each share acquired 31 December 2015.
27 January 2014, 138,500 options at US\$3.61 per each share acquired 31 December 2014.

Convertible Loans

Convertible loans totalling \$3,401,291 have been converted to 875,755 B Class Preference Shares at 31 March 2014.

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18: ENTITY DETAILS

The registered office of the group is:

Urbanise.com Pty Ltd
Affinity Accountants Pty Ltd
9 Meaden Street
Southbank Victoria 3006

The principal place of business is:

Urbanise.com Pty Ltd
Level 11
343 Little Collins Street
Melbourne Victoria 3000

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 - 29 presents fairly the company's financial position as at 30 June 2013 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: _____

David Lachlan Cronin

Dated this

24th

day of

June

2014

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

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

We have audited the accompanying financial report, being a special purpose financial report, of Urbanise.com Pty Ltd and controlled entities, which comprises the statements of financial position as at 30 June 2013, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity and the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

URBANISE.COM PTY LTD AND CONTROLLED ENTITIES
ACN 095 768 086

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

Opinion

In our opinion the financial report of Urbanise.com Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2013 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



M W PRINGLE
Partner



PITCHER PARTNERS
Melbourne

Date: 26 June 2014