

**Urbanise.com Limited and  
controlled entities**

**ACN 095 768 086**

Consolidated Financial report  
For the year ended 30 June 2014

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**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**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 2014 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, Reappointed 26 March 2014)

Robert Gordon Cumming (Appointed 1 February 2001)

David Lachlan Cronin (Resigned 27 June 2014)

Steven Bryce Outtrim (Resigned 12 March 2014)

Benjamin John Churchill (Appointed 12 February 2014)

David Bruce Burlington (Appointed 26 March 2014)

Arlene May Tansey (Appointed 27 June 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 \$1,529,064 (2013: \$2,203,046).

**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.

## **URBANISE.COM LIMITED AND CONTROLLED ENTITIES**

**ACN 095 768 086**

### **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:

#### **Class B Shares Coupon**

The holders of the class B preference shares agreed as part consideration to early conversion to the issue of a further 771,740 class B preference shares on 2 July 2014. It was further agreed, that all of the class B preference shares would be converted to ordinary shares upon the company becoming a public company.

#### **Change of Company Details**

The shareholders of the company resolved to change the company type from a private to a public company. The Company became a public company on 10 July 2014 and all of the class B preference shares on issue also converted to ordinary shares on a 1:1 basis on that date.

#### **Share Split**

The shareholders of the Company resolved to subdivide its share capital on the basis that each one security would be converted into 20 securities. It was proposed that the share split occurs simultaneously with the conversion of the B class preference shares so that all ordinary shares issued on conversion of the B class preference shares would be subject to the share split.

#### **Options - Adjustment Shares**

It was resolved on 30 July 2014 that upon entering into option amendment deeds with each option holder an additional 3,615,254 ordinary shares be issued to option holders as part consideration for amendments made to the terms of issue of their options.

Upon all of the above events occurring the number of ordinary shares on issue increased from 7,900,307 to 177,056,194 with no change to the amount of paid up capital.

#### **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.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES****ACN 095 768 086****DIRECTORS' REPORT****Information on directors****Russell William Bate**

Non Executive Director

## Qualifications

## Experience

With more than 35 years in the IT industry, Russell has held senior management positions in both hardware and software companies, retiring from full time employment in 2002 as Vice President Product Sales Operations – Asia Pacific for the US multi-national Sun Microsystems. In that role he was responsible for direct sales operations in Sun's Asia Pacific region, an area that included the ASEAN countries, Australasia, China, the Indian sub-continent, Japan, and Korea. Russell joined Sun in 1992 and was appointed Australasian Managing Director in 1994. He managed the Australasian operation through five years of record growth. In 2000 Russell was awarded Sun's prestigious Leadership Award and was elected to Sun's Leadership Council. In that same year he was promoted to the position of Vice President – Product Sales Operations for Asia Pacific and became the first Australian to be made a Vice President at Sun. Since his retirement Russell has retained a close association with the IT industry. He is a former board member and past Chair of Musica Viva Australia, Australian Distributed Incubator, CR-X Pty. Ltd. and Field and Game Australia and was a board member of the Australian Broadcasting Corporation from 1995 to 2000. Russell was awarded the OAM in 2012

## Special responsibilities

Russell will Chair the Audit and Risk Committee and sit on the Remuneration and Nomination Committee

## Interest in shares and options

Russell is the registered holder of 100,000 options over ordinary shares

**Robert Gordon Cumming**

Director and Chief Commercial Officer

## Qualifications

## Experience

With more than 14 years experience in technology design and productisation, strategic business consulting and developing next generation business models for the building industry, Rob began his career as a founding member Sausage Software - the first Internet company to list on the Australian Stock Exchange. At Sausage, Rob led R&D efforts around the HotDog web-authoring tool and development of the first commercial product to process online credit card transactions. Following the company's acquisition in 2001, Rob formed specialist technology development business Myretsu in conjunction with Sausage Founder Steve Outtrim, and created Urbanise. Rob has since led a team that has designed and developed advanced technology solutions for a range of industries sectors. In 2009, Rob relocated to Dubai to set up Urbanise Middle East, and work in partnership with Cisco Systems, Inc. on Smart City initiatives in the GCC region.

## Interest in shares and options

Robert is the registered holder of 865,000 options over ordinary shares. He also holds 126,500 ordinary shares and 32,375 series B preference shares.

**David Lachlan Cronin**

Director (Resigned 27 June 2014)

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**DIRECTORS' REPORT**

**Information on directors (Continued)**

**Steven Bryce Outtrim** Director (Resigned 12 March 2014)

**Benjamin John Churchill** Director and Chief Executive Officer

**Qualifications**

**Experience**

After more than a decade with FTSE 250 construction and services company Carillion PLC, Ben was appointed Managing Director of Emrill Services LLC in 2010. As the largest integrated facilities management company in the United Arab Emirates, Ben's portfolio of clients included Emaar, Festival City, Masdar City, Etihad Airways, World Trade Center Abu Dhabi, Anantara and two of the worlds tallest and most prestigious residential towers – Torch Tower and Princess Tower. Under Ben's leadership, Emrill experienced a 60% growth in revenue and 400% increase in profit, as well as a significant increase in market share. This success was recognised in 2013 with Emrill named Middle East FM Company of the Year, and Ben receiving the European CEO of the Year Award for his visionary leadership in facilities management. Ben joined Urbanise as CEO in late 2013 to continue his goal of transforming the facility management industry through the adoption of new and innovative technology practices

**Interest in shares and options** Ben is the registered holder of 300,000 options over ordinary shares. He also hold 55,000 ordinary shares.

**David Bruce Burlington** Non-Executive Director

**Qualifications**

**Experience**

Currently a Partner at Armanino, David is responsible for leading the Financial Cloud Solutions Practice. Armanino is a leader in providing world class Financial solutions and services to its clients. As Chief Operating Officer of Epocrates from 2010 to 2012, David was responsible for the day-to-day operations of the company's market leading mobile content and collaboration tools that allow physicians to provide better patient care. Prior to this, David's role as Group Vice President, Products and Technology at Taleo Inc. had him leading the company's transformation from a single product recruiting business to the market leading talent management suite of solutions. Before joining Taleo in 2005, David was Senior Vice President of Product Development at Comergent Technologies Inc. where he managed the overall product development of the company's suite of product – including product strategy, product management, engineering and customer support. David has also served as Managing Director of PeopleSoft Inc., and held positions at Gap Inc. and Anderson Consulting

**Special responsibilities** David will Chair the Remuneration and Nomination Committee and sit on the Audit and Risk Committee.

**Interest in shares and options** David is the registered holder of 85,000 options over ordinary shares

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES****ACN 095 768 086****DIRECTORS' REPORT****Information on directors (Continued)**

<b>Arlene May Tansey</b>	Non-Executive Director (Chairman)
Qualifications	Juris Doctor - University of Southern California Law Centre MBA - New York University
Experience	Arlene is currently a Director of Adelaide Brighton Limited, Primary Health Care, Infrastructure NSW, Lend Lease Investment Management and the Australian Research Alliance for Children & Youth. She is a member of the advisory boards of Serco Asia Pacific and a Director of Hunter Phillip Japan Pty Limited. Before becoming a non-executive Director, Arlene worked in commercial and investment banking in Australia and in investment banking and law in the United States. Arlene is currently a Director of Adelaide Brighton Limited, Primary Health Care, Infrastructure NSW, Lend Lease Investment Management and the Australian Research Alliance for Children & Youth. She is a member of the advisory boards of Serco Asia Pacific and a Director of Hunter Phillip Japan Pty Limited. Before becoming a non-executive Director, Arlene worked in commercial and investment banking in Australia and in investment banking and law in the United States.
Special responsibilities	Arlene will sit on the Audit and Risk Committee and the Remuneration and Nomination Committee
Interest in shares and options	Arlene is the registered holder of 40,000 options over ordinary shares

**Meetings of directors**

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Russell William Bate	2	2
Robert Gordon Cumming	5	4
David Lachlan Cronin	5	5
Steven Bryce Outtrim	3	3
Benjamin John Churchill	2	2
David Bruce Burlington	2	1
Arlene May Tansey	-	-

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**DIRECTORS' REPORT**

**Options**

Options over unissued ordinary shares granted by Urbanise.com Limited 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:

<b>Directors</b>	<b>Options granted</b>
Russell William Bate	100,000
Robert Gordon Cumming	865,000
Benjamin John Churchill	300,000
David Bruce Burlington	85,000
Arlene May Tansey	40,000

<b>Executives</b>	<b>Options granted</b>
Julian Boot (Chief Technical Officer)	160,000

**Shares under option**

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

<b>Date options granted</b>	<b>Number of unissued ordinary shares under option</b>	<b>Issue price of shares</b>	<b>Expiry date of the options</b>
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
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	31/12/2008
11/12/2013	100,000	4.51	31/12/2008
11/12/2013	100,000	5.64	31/12/2008
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
27/06/2014	20,000	3.61	27/06/2019

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



**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**DIRECTORS' REPORT**

**Options (Continued)**

**Shares issued on exercise of options**

The following ordinary shares of Urbanise.com Limited were issued during or since the end of the financial year as a result of the exercise of an option:

Date issued	Number of ordinary shares issued	Amount paid per share
28/03/2014	52,500	0.01
30/06/2014	40,000	0.01

There are no amounts unpaid on shares issued on exercise of options.

**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.

**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.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**DIRECTORS' REPORT**

Signed in accordance with a resolution of the board of directors.

Director:  \_\_\_\_\_

Director:  \_\_\_\_\_

Dated this 2nd day of August 2014

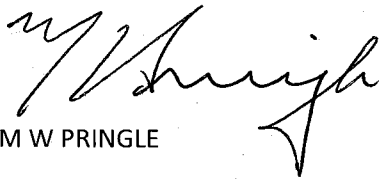


URBANISE.COM LIMITED AND CONTROLLED ENTITIES  
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AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF URBANISE.COM LIMITED

In relation to the independent audit for the year ended 30 June 2014, 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:

4 August 2014

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Revenue and other income</b>			
Sales revenue	3	4,546,167	861,092
Other revenue	3	<u>634,497</u>	<u>843,250</u>
	3	<u>5,180,664</u>	<u>1,704,342</u>
<b>Less: expenses</b>			
Cost of sales		(99,597)	(77,911)
Depreciation and amortisation expense	4	(389,499)	(324,743)
Employee benefits expense	4	(535,359)	(240,183)
Occupancy expense		(5,166)	(19,214)
Lease expense	4	(76,704)	(143,640)
Finance costs	4	(57,962)	(6,843)
Foreign exchange (loss)/gain	4	(75,977)	(14,033)
Travel		(213,613)	(80,952)
Contractor expenses		(753,268)	(473,339)
Professional fees		(262,429)	(170,761)
Data centre hosting expenses		(43,991)	(72,280)
Subscription expenses		(103,251)	-
Other expenses		<u>(189,456)</u>	<u>(124,606)</u>
		<u>(2,806,272)</u>	<u>(1,748,505)</u>
<b>Profit / (loss) before income tax expense</b>		2,374,392	(44,163)
Income tax (expense) / benefit	5	<u>(845,328)</u>	<u>2,247,209</u>
<b>Net profit from continuing operations</b>		<u>1,529,064</u>	<u>2,203,046</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>1,529,064</u></u>	<u><u>2,203,046</u></u>

The accompanying notes form part of these financial statements.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	6	582,782	1,382
Receivables	7	3,193,514	954,577
Other assets	8	<u>124,779</u>	<u>22,990</u>
<b>Total current assets</b>		<u>3,901,075</u>	<u>978,949</u>
<b>Non-current assets</b>			
Intangible assets	9	8,612,922	3,159,599
Deferred tax assets	5	1,401,881	2,247,209
Property, plant and equipment	10	<u>33,707</u>	<u>25,850</u>
<b>Total non-current assets</b>		<u>10,048,510</u>	<u>5,432,658</u>
<b>Total assets</b>		<u>13,949,585</u>	<u>6,411,607</u>
<b>Current liabilities</b>			
Payables	11	1,608,087	927,746
Borrowings	12	-	3,501,305
Provisions	13	<u>242,266</u>	<u>249,045</u>
<b>Total current liabilities</b>		<u>1,850,353</u>	<u>4,678,096</u>
<b>Non-current liabilities</b>			
Provisions	13	<u>162,246</u>	<u>135,930</u>
<b>Total non-current liabilities</b>		<u>162,246</u>	<u>135,930</u>
<b>Total liabilities</b>		<u>2,012,599</u>	<u>4,814,026</u>
<b>Net assets</b>		<u>11,936,986</u>	<u>1,597,581</u>
<b>Equity</b>			
Share capital	14	20,764,738	12,173,216
Reserves	15	225,699	6,880
Accumulated losses	16	<u>(9,053,451)</u>	<u>(10,582,515)</u>
<b>Total equity</b>		<u>11,936,986</u>	<u>1,597,581</u>

The accompanying notes form part of these financial statements.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
<b>Balance as at 1 July 2012</b>	12,079,747	6,880	(12,785,561)	(698,934)
Profit for the year	<u>-</u>	<u>-</u>	<u>2,203,046</u>	<u>2,203,046</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>2,203,046</u>	<u>2,203,046</u>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions	<u>93,469</u>	<u>-</u>	<u>-</u>	<u>93,469</u>
<b>Total transactions with owners in their capacity as owners</b>	<u>93,469</u>	<u>-</u>	<u>-</u>	<u>93,469</u>
<b>Balance as at 30 June 2013</b>	<u>12,173,216</u>	<u>6,880</u>	<u>(10,582,515)</u>	<u>1,597,581</u>
<b>Balance as at 1 July 2013</b>	12,173,216	6,880	(10,582,515)	1,597,581
Profit for the year	<u>-</u>	<u>-</u>	<u>1,529,064</u>	<u>1,529,064</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>1,529,064</u>	<u>1,529,064</u>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions	8,591,522	-	-	8,591,522
Share based payments expensed	-	219,744	-	219,744
Options converted	<u>-</u>	<u>(925)</u>	<u>-</u>	<u>(925)</u>
<b>Total transactions with owners in their capacity as owners</b>	<u>8,591,522</u>	<u>218,819</u>	<u>-</u>	<u>8,810,341</u>
<b>Balance as at 30 June 2014</b>	<u>20,764,738</u>	<u>225,699</u>	<u>(9,053,451)</u>	<u>11,936,986</u>

The accompanying notes form part of these financial statements.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		2,994,447	2,036,008
Payments to suppliers and employees		(2,249,979)	(1,582,337)
Interest received		6,065	4,778
Finance costs		<u>(57,962)</u>	<u>(6,843)</u>
<b>Net cash provided by operating activities</b>		<u>692,571</u>	<u>451,606</u>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		(18,095)	-
Payment for intangibles		<u>(2,059,396)</u>	<u>(693,242)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(2,077,491)</u>	<u>(693,242)</u>
<b>Cash flow from financing activities</b>			
Proceeds from share issue		2,273,430	-
Proceeds from borrowings		-	206,625
Repayment of borrowings		<u>(307,096)</u>	<u>-</u>
<b>Net cash provided by financing activities</b>		<u>1,966,334</u>	<u>206,625</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		1,368	36,379
Net increase / (decrease) in cash held		<u>581,414</u>	<u>(35,011)</u>
<b>Cash at end of financial year</b>		<u><u>582,782</u></u>	<u><u>1,368</u></u>

The accompanying notes form part of these financial statements.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 Limited is a for-profit entity for the purpose of preparing the financial statements.

As of 10 July 2014 Urbanise became a public company and its name changed to Urbanise.com Limited.

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.



**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 LIMITED AND CONTROLLED ENTITIES**

**ACN 095 768 086**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**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 subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2008. The parent entity and subsidiaries 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 subsidiaries 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 LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**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 Company's Intellectual Property recently purchased from Helix CS, Crowly and COINS, initially recorded at cost, and is amortised on a straight line basis over the period of expected benefits (10 years).

*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 2014**

**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.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
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.

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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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.

**NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The following are the key assumptions concerning the future and other key estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Capitalisation of internally developed software**

Distinguishing the research and development phase of software projects and determining whether the recognition requirements for the capitalisation of development costs are met, requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

**Share based payments**

The calculation of the fair value of options issued requires significant estimates to be made in regards to several variables such as volatility, dividend policy and the probability of options reaching their vesting period. The estimations made are subject to variability that may alter the overall fair value determined. The share based payment expenses for the year was \$219,219 (2013: \$nil).

**Research and development tax concessions**

A receivable of \$520,960 (2013: \$801,145) has been recognised in relation to a research and development tax concession for the 2014 financial year. The actual claim is yet to be submitted with the Australia Tax Office and therefore there remains some uncertainty in regards to the quantum of the concession to be received. The financial statements reflect the directors' estimate of the receivable after taking into account the likelihood of each component of the claim being received.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>NOTE 3: REVENUE AND OTHER INCOME</b>		
Sales revenue		
Licence Income	4,180,913	338,826
Rendering of services	<u>365,254</u>	<u>522,266</u>
	<u>4,546,167</u>	<u>861,092</u>
Other revenue		
Interest income	6,065	4,778
Export market development grant	107,472	37,326
Research and Development Refund	<u>520,960</u>	<u>801,146</u>
	<u>634,497</u>	<u>843,250</u>

**NOTE 4: OPERATING PROFIT**

Profit / (losses) before income tax has been determined after:

Finance costs	57,962	6,843
Depreciation	10,238	14,806
Amortisation	379,261	309,937
Rental expense on operating leases		
- minimum lease payments	76,704	143,640
Foreign currency translation losses / (gains)	75,977	14,033
Employee benefits:		
- Other employee benefits	535,359	240,183

**NOTE 5: INCOME TAX**

**(a) Components of tax expense**

Deferred tax	<u>845,328</u>	<u>(2,247,209)</u>
	<u>845,328</u>	<u>(2,247,209)</u>



**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>NOTE 5: INCOME TAX (CONTINUED)</b>		
<b>(b) Prima facie tax payable</b>		
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% (2013: 30%)	712,318	(13,249)
Add tax effect of:		
- Research and development	184,344	207,973
- Other non-allowable items	105,464	39,914
Timing difference brought to account	<u>-</u>	<u>383,920</u>
	289,808	631,807
Less tax effect of:		
- Non-assessable R&D refund	156,288	240,344
- Other non-assessable items	510	-
Tax losses not brought to account	<u>-</u>	<u>2,625,423</u>
	<u>156,798</u>	<u>2,865,767</u>
Income tax expense attributable to profit	<u>845,328</u>	<u>(2,247,209)</u>
<b>(c) Deferred tax</b>		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	2,034,780	2,771,877
Employee benefits	121,354	115,493
Accruals	<u>14,531</u>	<u>18,359</u>
	<u>2,170,665</u>	<u>2,905,729</u>
<i>Deferred tax liabilities</i>		
The balance comprises:		
Research and development	<u>768,784</u>	<u>658,520</u>
	<u>768,784</u>	<u>658,520</u>
Net deferred tax assets / (liabilities)	<u>1,401,881</u>	<u>2,247,209</u>
<b>(d) Deferred income tax (revenue)/expense included in income tax expense comprises</b>		
Decrease / (increase) in deferred tax assets	735,064	(2,401,301)
(Decrease) / increase in deferred tax liabilities	<u>110,264</u>	<u>154,092</u>
	<u>845,328</u>	<u>(2,247,209)</u>

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	1,382	1,382
Cash at bank	<u>581,400</u>	<u>-</u>
	<u><u>582,782</u></u>	<u><u>1,382</u></u>
<b>NOTE 7: RECEIVABLES</b>		
CURRENT		
Trade debtors	2,644,852	125,541
Other receivables	<u>548,662</u>	<u>829,036</u>
	<u><u>3,193,514</u></u>	<u><u>954,577</u></u>
<b>NOTE 8: OTHER ASSETS</b>		
CURRENT		
Prepayments	101,789	-
Other current assets	<u>22,990</u>	<u>22,990</u>
	<u><u>124,779</u></u>	<u><u>22,990</u></u>
<b>NOTE 9: INTANGIBLE ASSETS</b>		
Intellectual property	6,579,629	1,361,525
Accumulated amortisation and impairment	<u>(529,320)</u>	<u>(396,990)</u>
	6,050,309	964,535
Research and development at cost	3,083,788	2,469,308
Accumulated amortisation and impairment	<u>(521,175)</u>	<u>(274,244)</u>
	<u><u>2,562,613</u></u>	<u><u>2,195,064</u></u>
Total intangible assets	<u><u>8,612,922</u></u>	<u><u>3,159,599</u></u>

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>NOTE 9: INTANGIBLE ASSETS (CONTINUED)</b>		
<b>(a) Reconciliations</b>		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Intellectual property</i>		
Opening balance	964,535	1,096,865
Additions	5,218,104	-
Amortisation expense	<u>(132,330)</u>	<u>(132,330)</u>
Closing balance	<u>6,050,309</u>	<u>964,535</u>
<i>Research and development at cost</i>		
Opening balance	2,195,064	1,679,429
Additions	614,480	693,242
Amortisation expense	<u>(246,931)</u>	<u>(177,607)</u>
Closing balance	<u>2,562,613</u>	<u>2,195,064</u>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

<b>Plant and equipment</b>		
Plant and equipment at cost	233,057	214,962
Accumulated depreciation	<u>(199,350)</u>	<u>(189,112)</u>
Total property, plant and equipment	<u>33,707</u>	<u>25,850</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	25,850	40,656
Additions	18,095	-
Depreciation expense	<u>(10,238)</u>	<u>(14,806)</u>
Closing carrying amount	<u>33,707</u>	<u>25,850</u>

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>NOTE 11: PAYABLES</b>		
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade creditors	1,097,876	274,100
Sundry creditors and accruals	488,782	207,783
Loan from associates	<u>21,429</u>	<u>445,863</u>
	<u><u>1,608,087</u></u>	<u><u>927,746</u></u>

**NOTE 12: BORROWINGS**

<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Bank overdraft	<u>-</u>	<u>14</u>
<i>Secured liabilities</i>		
Secured convertible loan liability	(a) <u>-</u>	<u>3,501,291</u>
	<u>-</u>	<u><u>3,501,305</u></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 may 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 balance of \$100,000 was repaid in cash.

**NOTE 13: PROVISIONS**

<b>CURRENT</b>		
Employee benefits	(a) <u>242,266</u>	<u>249,045</u>
<b>NON CURRENT</b>		
Employee benefits	(a) <u>162,246</u>	<u>135,930</u>
(a) Aggregate employee benefits liability	404,512	384,975

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

		2014 \$	2013 \$
<b>NOTE 14: SHARE CAPITAL</b>			
Issued and paid-up capital			
4,408,000 (2013: 3,602,572) Fully paid ordinary shares	(a)	4,704,293	1,933,328
3,492,307 (2013: 2,015,612) B Class Preference Shares	(b)	<u>16,060,445</u>	<u>10,239,888</u>
		<u>20,764,738</u>	<u>12,173,216</u>

	2014		2013	
	Number	\$	Number	\$
<b>(a) Fully paid ordinary shares</b>				
Opening balance	3,602,572	1,933,328	3,578,410	1,839,859
Shares issued:				
31 December 2012	-	-	13,790	53,345
30 June 2013	-	-	10,372	40,124
31 December 2013	10,102	39,079	-	-
28 March 2014	52,500	525	-	-
5 May 2014	138,500	534,610	-	-
4 June 2014	550,000	2,140,932	-	-
6 June 2014	14,326	55,419	-	-
30 June 2014	<u>40,000</u>	<u>400</u>	<u>-</u>	<u>-</u>
	<u>805,428</u>	<u>2,770,965</u>	<u>24,162</u>	<u>93,469</u>
At reporting date	<u>4,408,000</u>	<u>4,704,293</u>	<u>3,602,572</u>	<u>1,933,328</u>

The shares issued on 31 December 2013 were in relation to a Performance Incentive Equity Plan.

The shares issued on 28 March 2014 and 30 June 2014 were in relation to conversion of employee share options.

The shares issued on 5 May 2014 were in relation to the consideration for IP purchased from Construction Industry Solutions Limited (COINS), as per the agreement dated 5 May 2014

The shares issued on 4 June 2014 were in relation to the consideration for IP purchased from Helix CS PTE LTD as per the agreement dated 27 January 2014.

The shares issued on 6 June 2014 were in relation to a Performance Incentive Equity Plan.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>		<b>2013</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
<b>NOTE 14: SHARE CAPITAL (CONTINUED)</b>				
<b>(b) B Class Preference Shares</b>				
Opening balance	2,015,612	10,239,888	2,015,612	10,239,888
Shares issued:				
12 January 2014	55,000	221,650	-	-
20 January 2014	50,000	200,500	-	-
27 January 2014	138,500	555,385	-	-
21 February 2014	138,500	548,460	-	-
24 January 2014	100,000	398,000	-	-
27 March 2014	86,565	349,436	-	-
31 March 2014	<u>908,130</u>	<u>3,547,126</u>	-	-
	<u>1,476,695</u>	<u>5,820,557</u>	-	-
At reporting date	<u>3,492,307</u>	<u>16,060,445</u>	<u>2,015,612</u>	<u>10,239,888</u>

The B Class Preference shares issued on 31 March 2014 were in relation to convertible loans.

**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.

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.

B class preference shares have identical rights as the ordinary shares plus rights to an annual 6% per share cumulative preferred dividend. They also have 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.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 14: SHARE CAPITAL (CONTINUED)**

**Share options**

Options over ordinary shares:

*Options*

During the year 158,500 (2013: nil) options have been granted. The market value of the company's ordinary shares closed at \$3.88 on 30 June 2014 (NIL on 30 June 2013).

On 30 August 2013 Urbanise granted 20,000 options at an exercise price of AUD \$3.20 with an expiry date of 31 December 2015.

On 27 January 2014 Urbanise granted COINS options to purchase up to 138,500 Series B Shares in the share capital of Urbanise, no additional consideration is payable by COINS for the grant of the Options. The exercise price per options is US\$3.61 for each share acquired. Each of the options will, from the date they are granted, be:

- i) vested;
- ii) once vested, exercisable at any time, and
- iii) once exercised, transferable

Any option which is not exercised on or before 31 December 2014 will immediately lapse.

*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. Urbanise.com is an unlisted public company. Given the unlisted nature the underlying share price was determined with reference to recent equity transactions. The underlying share price of the options ranges from \$3.84 to \$4.11

During the financial year, 510,000 (2013: 335,000) options have been granted under this scheme. The market value of ordinary shares closed at \$3.88 on 30 June 2014 (NIL on 30 June 2013).

Fair value of options granted:

A number of options were granted during the period with differing terms as summarised below:

11 December 2013

The fair value of the options at grant date was \$1.6898. Fair value was determined using the trinomial pricing model. The following inputs were utilised:

# of options issued: 100,000  
Exercise price: \$3.29  
Grant date: 11 December 2013  
Expiry date: 31 December 2018  
Share price at grant date: \$3.96  
Expected price volatility of the company's shares: 35%  
Expected dividend yield: 0%  
Risk-free interest rate: 3.47%

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 14: SHARE CAPITAL (CONTINUED)**

**Share options (Continued)**

11 December 2013

The fair value of the options at grant date was \$1.1318. Fair value was determined using the trinomial pricing model. The following inputs were utilised:

# of options issued: 100,000  
Exercise price: \$4.95  
Grant date: 11 December 2013  
Expiry date: 31 December 2018  
Share price at grant date: \$3.96  
Expected price volatility of the company's shares: 35%  
Expected dividend yield: 0%  
Risk-free interest rate: 3.47%

The fair value of the options at grant date was \$0.8555. Fair value was determined using the trinomial pricing model. The following inputs were utilised:

# of options issued: 100,000  
Exercise price: \$6.18  
Grant date: 11 December 2013  
Expiry date: 31 December 2018  
Share price at grant date: \$3.96  
Expected price volatility of the company's shares: 35%  
Expected dividend yield: 0%  
Risk-free interest rate: 3.47%

31 January/1 February 2014

The fair value of the options at grant date was \$1.1101. Fair value was determined using the trinomial pricing model. The following inputs were utilised:

# of options issued: 40,000  
Exercise price: \$4.11  
Grant date: 31 January 2014/1 February 2014  
Expiry date: 31 January 2017 1 February 2017  
Share price at grant date: \$4.11  
Expected price volatility of the company's shares: 35%  
Expected dividend yield: 0%  
Risk-free interest rate: 2.83%



**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 14: SHARE CAPITAL (CONTINUED)**

**Share options (Continued)**

6 June 2014

The fair value of the options at grant date was \$1.3924. Fair value was determined using the trinomial pricing model. The following inputs were utilised:

# of options issued: 150,000  
Exercise price: \$3.88  
Grant date: 6 June 2014  
Expiry date: 5 June 2019  
Share price at grant date: \$3.88  
Expected price volatility of the company's shares: 35%  
Expected dividend yield: 0%  
Risk-free interest rate: 3.18%

27 June 2014

The fair value of the options at grant date was \$1.3954. Fair value was determined using the trinomial pricing model. The following inputs were utilised:

# of options issued: 20,000  
Exercise price: \$3.84  
Grant date: 15 May 2014  
Expiry date: 14 May 2019  
Share price at grant date: \$3.84  
Expected price volatility of the company's shares: 35%  
Expected dividend yield: 0%  
Risk-free interest rate: 3.20%

**NOTE 15: RESERVES**

Share based payments reserve	15(a)	<u>225,699</u>	<u>6,880</u>
		<u>225,699</u>	<u>6,880</u>

**(a) Share based payments reserve**

The share based payments reserve is used to record the fair value of shares or options issued to employees.

*Movements in reserve*

Opening balance	6,880	6,880
Share based payments expensed	219,744	-
Options converted	<u>(925)</u>	<u>-</u>
Closing balance	<u>225,699</u>	<u>6,880</u>

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>NOTE 16: ACCUMULATED LOSSES</b>		
Retained earnings at beginning of year	(10,582,515)	(12,785,561)
Net profit	<u>1,529,064</u>	<u>2,203,046</u>
	<u>(9,053,451)</u>	<u>(10,582,515)</u>

**NOTE 17: INTERESTS IN SUBSIDIARIES**

*(a) Subsidiaries*

The following are the group's significant subsidiaries:

	Country of incorporation	Ownership interest held by the group	
		2014	2013
Subsidiaries of Urbanise.com Limited:		%	%
Urbanise.com (MENA) Pty Ltd (formerly Majitek MENA Holdings Pty Ltd)	Australia	100	100
Urbanise DWC LLC	United Arab Emirates	100	-

Note: Urbanise DWC LLC is set up for employment law purposes in Dubai. Shares in this Company are held for and on behalf of Urbanise by the duly appointed local manager, Benjamin John Churchill.

**NOTE 18: CAPITAL AND LEASING COMMITMENTS**

**(a) Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	82,886	87,234
- later than one year and not later than five years	<u>-</u>	<u>82,886</u>
	<u>82,886</u>	<u>170,120</u>

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

2014	2013
\$	\$

**NOTE 18: CAPITAL AND LEASING COMMITMENTS (CONTINUED)**

Operating lease over Suite 1101 , Level 11, 343 Little Collins Street for a term of 3 years, expiring 25 June 2015 with the option to renew for a further 3 years.

**NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE**

**Class B Shares Coupon**

The holders of the class B preference shares agreed as part consideration to early conversion to the issue of a further 771,740 class B preference shares on 2 July 2014. It was further agreed, that all of the class B preference shares would be converted to ordinary shares upon the company becoming a public company.

**Change of Company Details**

The shareholders of the company resolved to change the company type from a private to a public company. The Company became a public company on 10 July 2014 and all of the class B preference shares on issue also converted to ordinary shares on a 1:1 basis on that date.

**Share Split**

The shareholders of the Company resolved to subdivide its share capital on the basis that each one security would be converted into 20 securities. It was proposed that the share split occurs simultaneously with the conversion of the B class preference shares so that all ordinary shares issued on conversion of the B class preference shares would be subject to the share split.

**Options - Adjustment Shares**

It was resolved on 30 July 2014 that upon entering into option amendment deeds with each option holder an additional 3,615,254 ordinary shares be issued to option holders as part consideration for amendments made to the terms of issue of their options.

Upon all of the above events occurring the number of ordinary shares on issue increased from 7,900,307 to 177,056,194 with no change to the amount of paid up capital.

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 20: ENTITY DETAILS**

The registered office of the group is:

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

The principal place of business is:

Urbanise.com Limited  
Suite 1101, Level 11  
343 Little Collins Street  
Melbourne Victoria 3000

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES**  
**ACN 095 768 086**

**DIRECTORS' DECLARATION**

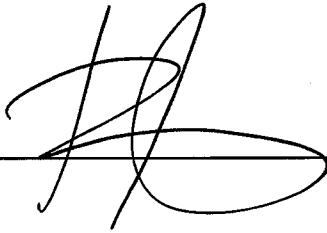
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 - 34 presents fairly the company's financial position as at 30 June 2014 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: \_\_\_\_\_



Dated this

2nd

day of

August

2014

**URBANISE.COM LIMITED AND CONTROLLED ENTITIES  
ACN 095 768 086**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF URBANISE.COM LIMITED**

We have audited the accompanying financial report, being a special purpose financial report, of Urbanise.com Limited and controlled entities, which comprises the statements of financial position as at 30 June 2014, 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 LIMITED AND CONTROLLED ENTITIES  
ACN 095 768 086

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

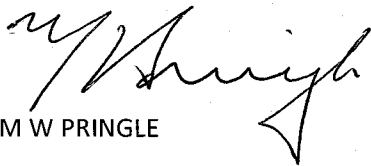
*Opinion*

In our opinion the financial report of Urbanise.com Limited 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 2014 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

4 August 2014