2015 Annual Report

Annual Report for the financial year ended 31 December 2015

BuildingIQ, Inc.
ARSN 605 422 166

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Dear Shareholders,

It gives us great pleasure to present the first Annual Report of BuildingIQ, Inc ("BuildingIQ") since the company's successful listing on the Australian Securities Exchange ("ASX") on 17 December 2015.

The Initial Public Offer ("IPO") was successful in raising AUD$20 million and represented the culmination of the first chapter of the business which commenced with incorporation of BuildingIQ Pty Ltd in 2009. In 2012, BuildingIQ, Inc. was incorporated in Delaware and a series of funding rounds were undertaken and included participation from Exto Partners ("Exto"), Siemens Venture Capital GMBH ("Siemens Venture Capital") and Paladin Capital Management LLC ("Paladin Capital"). Together with the management team and staff everyone has contributed to the successful commercialisation of the technology developed by Australia's Commonwealth Scientific and Industrial Research Organisation ("CSIRO").

This technology forms the basis of the company's Predictive Energy Optimisation ("PEO") offering and is the bedrock of a software-as-a-service ("SaaS") energy management platform which includes the following other modules and capabilities:

- Daily forecasting of building energy performance;
- Measurement and verification via a transparent savings calculator;
- Portfolio Management including portfolio control and insights for facilities managers;
- DemandResponseIQ: optimisation for demand response and utility smart grid interaction.

Throughout 2016, we will be focused on further expanding the capabilities within our existing product set to bring to market a new, full-suite Energy Information Management Services (EIMS) platform. This new service will enable us to provide the best integrated energy measurement, monitoring and analytics platform available in the market today.

The financial highlights for 2015 (all AUD) were:

- Growth in revenue and other income of 163% from $3.2million to almost $5.2m;
- Achievement of $0.3m monthly recurring revenue run rate;
- New contract bookings amounting to $8.2m for the year;
- Future contracted revenue reaching $11.5m;
- A further 64 buildings coming under contract in 2015; and,
- Surpassing 35m square feet under contract.

Other exciting developments during the year included our appointment as the approved measurement & verification platform provider for the Office of Environment & Heritage in NSW, Australia. In this role we have been selected to validate the performance of sustainability projects on behalf of the state government.

The company also entered into an agreement with the New York State Energy Research and Development Authority ("NYSERDA") to provide incentives for the deployment of our services in up to 25 buildings.

The successful granting of patents in Australia, Japan and now China provides us with greater commercial security over our unique intellectual property.

As foreshadowed in the prospectus, the proceeds from the IPO have been earmarked to provide the platform for the continued and ongoing growth of the business. Firstly, we are commencing our expansion into Asia through the establishment of an office and team in Singapore to contribute to our revenue growth from 2017. Secondly, we will be investing in the executive leadership team and expect to bolster the skills and depth of management in the first half of 2016. Finally, the evolution of our technology-enabled services offering will continue and culminate in the release of version 5.0 of the BuildingIQ platform, which will include significant improvements in functionality, architecture and user experience.

In respect to governance matters we look forward to your attendance at the company's annual general meeting. For holders of CHESS Depositary Interests ("CDIs") we are focused on ensuring that there is clear communication about the operations and rights of the holders of these instruments as owners of BuildingIQ, Inc. The listing of BuildingIQ, Inc, an entity incorporated under, and subject to, Delaware law has brought with it some nuances with the overlay of ASX and other Australian regulatory requirements which we will continue to present and outline in the most transparent possible way.

Once again we would like to thank the energetic staff and executive leadership team of BuildingIQ for their passion, dedication and commitment in making the business what it is today. The role and vision of our cornerstone investors, Exto Partners, Siemens Venture Capital and Paladin Capital, has been integral to what we have achieved to date. We look forward to building on the success of 2015 and to even more significant growth in the year ahead.

Alan Cameron	**Michael Nark**
Chair	President & CEO

BuildingIQ, Inc.
Corporate Directory
31 December 2015

Directors	Alan Cameron Tanya Cox William Deane Gerd Goette Michael Nark Ken Pentimonti
Company secretary	Rob Goss
Notice of annual general meeting	The details of the annual general meeting of BuildingIQ, Inc. are: Level 4, 60 Carrington Street (Offices of Computershare) Sydney NSW 2000 11am on 18 May 2016
Registered office	1065 East Hillsdale Blvd, Suite 310 Foster City CA 94404-1689 USA
Principal place of business	1065 East Hillsdale Blvd, Suite 310 Foster City CA 94404-1689 USA
Share register	Computershare Investor Services Pty Ltd Level 4, 60 Carrington Street Sydney NSW 2000 www.computershare.com
Auditor	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000
Stock exchange listing	BuildingIQ, Inc. shares are listed on the Australian Securities Exchange (ASX code: BIQ)
Website	www.BuildingIQ.com

BuildingIQ, Inc.
Directors' Report
31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'BuildingIQ') consisting of BuildingIQ, Inc. (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2015.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alan Cameron (appointed 14 April 2015)
Tanya Cox (appointed 17 August 2015)
William Deane
Gerd Goette
Michael Nark
Ken Pentimonti

Principal activities

BuildingIQ is a leading provider of energy efficiency solutions for facilities throughout the United States and Australia. BuildingIQ's principal service is the development, design, engineering and installation of integrated software projects that reduce the energy and operations and maintenance costs of customers' facilities. These projects typically include a variety of measures customized for each facility and are designed to improve the efficiency of major building systems, such as heating, ventilation and air conditioning systems.

Dividends

No dividends were paid during or subsequent to the year.

Review of operations

Revenues consist primarily of software license fees, software implementation, hardware sales, project management services, installation, consulting and post-sale maintenance support. BuildingIQ also receives grants and tax incentives in Australia.

Revenue and other income increased from last year by approximately 200%, from $1,418,646 to $4,272,887. The key reasons for this increase were the success of BuildingIQ's utility and government programs coupled with the continued expansion of our direct sales force and upgrading of its business partner program. Other income also increased by $345,262 reflecting an increase in the grants and tax incentives receivable for 2015.

Operating expenses (which exclude Finance costs) increased from $6,362,969 to $8,836,406 primarily due to currency headwinds in our US operations and non-recurring capital raising costs of $821,342. The overall result of these factors was that the loss for the year decreased marginally from $5,345,132 to $5,273,890.

Changes in the state of affairs

On 17 December 2015 the company listed on the Australian Securities Exchange (ASX: BIQ). This process enabled the Company to raise additional share capital of $20 million to fund continued expansion as well as ongoing operations. Apart from this there were no other significant changes to the affairs of BuildingIQ, Inc.

Matters subsequent to the end of the financial year

There have not been any transactions or events of a material and unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the directors of the Company, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Likely developments and expected results of operations

With the additional funds raised from the Initial Public Offer BuildingIQ will continue to increase its sales and marketing efforts over the next twenty-four months in its key existing markets as well as open and staff with direct sales resources a new Southeast Asian office. BuildingIQ's expansion focus will also include the addition of business development resources who will focus on extending our reach into markets which require a more indirect /partner sales model.

In conjunction with this expansion BuildingIQ will continue to develop and expand the capabilities of our technology and services. BuildingIQ's primary focus will be to further enhance the energy cost optimization function(s) of our platform to incorporate seamless integration of renewable sources of energy which are being introduced to the utility grids across the globe as an alternative energy source. BuildingIQ's ability to incorporate renewables will further enable it to drive its global expansion. Organic expansion plans may be supported by in-organic initiatives to achieve the strategic objectives described above.

In addition to these initiatives BuildingIQ will be investing in operational support resources to manage and support our customer needs on a global basis. These resources will be added in the key markets that BuildingIQ currently serves as well as in Southeast Asia as its installed base of customers continues to grow.

Environmental regulation

The consolidated entity is not directly subject to any significant environmental regulation.

Corporate Governance

The company, as a Delaware incorporated company, seeks to achieve substantive compliance with the governance recommendations set out in the 'Corporate Governance Principles and Recommendations 3rd Edition', published by the ASX Corporate Governance Council (the ASX Principles). Upon listing on the Australian Securities Exchange the consolidated entity adopted a Corporate Governance Charter and Corporate Governance Statement which may both be viewed at www.buildingiq.com/the-company-and-product-story/investor-relations.

Company secretary

Rob Goss was appointed as Chief Financial Officer and Company Secretary of the consolidated entity on 17 December 2015. Prior to his appointment Will Deane was Company Secretary. Rob has held several senior finance roles, including Chief Financial Officer of iProperty Group Limited (ASX: IPP) and Global Head of Accounting Policy & Governance at Australia and New Zealand Banking Group (ASX: ANZ). In these role he has developed significant expertise in statutory reporting, risk management and compliance & governance matters. He is also a member of the Institute of Chartered Accountants Australia (ICAA).

Information on directors

Name:	**Alan Cameron**
Title:	Non-Executive Independent Chairman
Qualifications:	BA, LLM (Syd)
Experience and expertise:	Alan was a partner in a major law firm for 12 years before becoming Commonwealth Ombudsman in 1991, and was chairman of the Australian Securities Commission (ASC) and its successor, the Australian Securities and Investments Commission (ASIC), from January 1993 to November 2000. Since leaving ASIC in 2000, Alan has been a company director and a consultant on regulatory projects and governance reviews of various kinds. He is currently chair of Property Exchange Australia Limited, Hastings Funds Management Limited, and various companies in the BT Financial Group, including Westpac's life, general and mortgage insurance companies. He was appointed as a Member of the Order of Australia in 1997, and as an Officer in 2011. Alan joined the Board of the company in April 2015 as Chairman.
Other current directorships:	Non-Executive Director of Property Exchange Australia Limited (since January 2010)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman, Chair of Nomination Committee and member of the Audit & Risk Management Committee and the Remuneration Committee
Interests in shares:	40,000
Interests in options:	50,000
Contractual rights to shares:	None

Name:	**Tanya Cox**
Title:	Non-Executive Independent Director
Qualifications:	MBA, MAICD, FGIA, FCIS
Experience and expertise:	Tanya has more than 20 years' experience as an executive director and 10 years as a non-executive director on boards as diverse as the Australian Paralympic Committee, Cricket NSW Advisory Board and Music & Opera Singers Trust. As the chief operating officer of $17.6 billion DEXUS Property Group for more than a decade, Tanya oversaw corporate responsibility and sustainability, risk management, marketing and communications, corporate operations and governance, as well as company secretarial practices. Tanya is currently the Chair of the Green Building Council of Australia and Equiem Pty Ltd, a director of ASX listed OtherLevels Holdings and a member of the NSW Climate Change Council. Tanya joined the Board of the company in August 2015
Other current directorships:	Non-Executive Director of Other Level Holdings (ASX:OLV)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit & Risk Management Committee and the Remuneration Committee and member of the Nomination Committee
Interests in shares:	40,000
Interests in options:	40,000
Contractual rights to shares:	None

Name:	**William Deane**
Title:	Non-Executive Director
Qualifications:	LL.B., BA
Experience and expertise:	William is a Managing Director of Exto Partners Pty Ltd, a private investment firm based in Sydney. He has successfully managed IPOs, mergers and acquisitions for Exto's portfolio companies. Prior to joining Exto Partners, William was a corporate lawyer in New York with Sidley Austin LLP and Skadden, Arp, Slate, Meagher and Flom LLP, and in Australia with Ashursts (formerly Blake Dawson Waldron). Will joined the Board of the company in October 2012 and was previously a director of BuildingIQ Pty Ltd from 2009.
Other current directorships:	Non-Executive Director of RedHill Education (ASX:RDH)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Management Committee, the Remuneration Committee and the Nomination Committee
Interests in shares:	1,598,782
Interests in options:	None
Contractual rights to shares:	None

Name:	**Gerd Goette**
Title:	Non-Executive Director
Qualifications:	M.A. Engineering
Experience and expertise:	Gerd is a Partner at Siemens Venture Capital (SVC) based in Silicon Valley, California. He currently manages SVC's investments in BuildingIQ, ChargePoint, QBotix, Sensys, Sunverge, Tendril and Wirescan. Prior to joining SVC, Gerd was Vice President and Head of CableTV Solutions in Siemens Information and Communication Networks. Gerd joined the Board of the company in December 2012.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration Committee and the Nomination Committee
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	None

Name:	**Michael Nark**
Title:	Executive Director, President & CEO
Qualifications:	B.S. Engineering
Experience and expertise:	Michael brings over 25 years of experience in software and technology-enabled service delivery businesses. He recently served as President and CEO of Power Analytics. He has a proven track record of building successful, efficient organisations and experience in leading companies to profitable growth. Michael was appointed President and CEO and joined the Board of the company in October 2014.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	President and CEO, member of the Nomination Committee
Interests in shares:	None
Interests in options:	1,703,089
Contractual rights to shares:	None

Name:	**Ken Pentimonti**
Title:	Non-Executive Director
Qualifications:	M.B.A, B.A. Economics and Political Science
Experience and expertise:	Ken has been a Director of BuildingIQ since December 2012. Ken is a Principal at Paladin Capital Group, a multi-stage private equity firm based in Washington, DC. Ken focuses on sourcing, negotiating and monitoring investment opportunities in the renewable energy and cleantech sectors. Prior to joining Paladin, Ken spent six years as an Investment Banker with JPMorgan Chase (and the growth-focussed investment bank, Hambrecht & Quist, which was acquired by JPMorgan Chase). While at JPMorgan, he led the execution of over twenty equity offerings, ten M&A transactions, and various other public and private capital raising transactions. Ken joined the Board of the company in December 2012.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination Committee
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	None

'Other current directorships' noted above are current directorships for listed entities only and excludes directorships of all other types of entities.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interest in shares' is in accordance with the Appendix 3X lodged with the ASX in respect of each of the directors. This number differs to the amount set out in the table on page 15 of the Remuneration Report which includes shares held by director related entities.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2015, and the number of meetings attended by each director were:

	Board		Remuneration		Nomination		Audit & Risk	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Alan Cameron	9	10	1	1	-	-	4	4
Tanya Cox	8	8	1	1	-	-	4	4
William Deane	13	13	1	1	-	-	4	4
Gerd Goette	12	13	1	1	-	-	-	-
Michael Nark	13	13	-	-	-	-	-	-
Ken Pentimonti	13	13	-	-	-	-	-	-

Remuneration Report - audited

This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by the consolidated entity for Non-executive and Executive Directors, determined to be Key Management Personnel ("KMP").

The Remuneration Report contains the following sections:

A Key Management Personnel disclosed in this report
B Remuneration governance
C Executive remuneration policy and framework
D Relationship between remuneration and the consolidated entity's performance
E Non-executive Director remuneration policy
F Details of remuneration of Directors and Key Management Personnel
G Service agreements
H Share-based compensation
I Equity instruments held by Key Management Personnel (options)
J Additional information

The information provided in this Remuneration Report has been audited.

A Key Management Personnel disclosed in this report

Key Management Personnel include those who have the authority and responsibility to plan, direct and control the major activities of the consolidated entity.

Alan Cameron	Independent Chair (Non-executive)
Michael Nark	Executive Director, President and Chief Executive Officer
Tanya Cox	Independent Director (Non-executive)
William Deane	Director (Non-executive)
Gerd Goette	Director (Non-executive)
Ken Pentimonti	Director (Non-executive)

B Remuneration governance

BuildingIQ Pty Ltd was founded in Sydney, Australia in 2009. BuildingIQ, Inc. a U.S based entity was formed in 2012 as a Delaware Corporation, with headquarters based in Foster City CA. BuildingIQ Pty Ltd was acquired in the same year and since that time has been operated as a fully owned subsidiary of Building IQ, Inc. As a consequence, BuildingIQ's executive remuneration framework is international in flavour and reflects the sales orientation of the business.

The Remuneration Committee's objectives for BuildingIQ's remuneration framework are for the framework to be:

- competitive and reasonable, enabling BuildingIQ to attract and retain key talent in the jurisdictions in which it operates;
- aligned to BuildingIQ's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood, and
- acceptable to shareholders

The objectives of BuildingIQ's remuneration policies are to ensure that remuneration packages for executive KMP reflect their duties, responsibilities and level of performance - as well as to ensure that all executive KMP are motivated to pursue the long-term growth and success of the consolidated entity.

Fundamental to all remuneration arrangements is that executive KMP must contribute to the achievement of short and long-term objectives, enhance shareholder value, avoid unnecessary or excessive risk taking and discourage behaviour that is contrary to BuildingIQ's values.

Details of the short and long-term incentive schemes are set out below in the "Executive remuneration policy and framework" section C of the Remuneration Report.

Securities Trading Policy

The trading of CDIs & shares issued to eligible employees under any of BuildingIQ's employee equity plans is subject to, and conditional upon, compliance with BuildingIQ's Securities Trading Policy. KMP must not use BuildingIQ securities in connection with a margin loan or similar financing arrangement, nor are they permitted to engage in hedging activities, deal in derivatives or enter into other arrangements that limit the economic risk associated with BuildingIQ securities.

C Executive remuneration policy and framework

The Board reviews the remuneration packages for executive KMP annually by reference to performance against individual objectives and the BuildingIQ's consolidated results. The performance review of the President and Chief Executive Officer is undertaken by the Board.

BuildingIQ aims to reward executive KMP with a level of remuneration commensurate with their responsibilities and position within the consolidated entity, and their ability to influence shareholder value creation. The remuneration framework links rewards with the strategic objectives and performance of the consolidated entity.

The executive KMP remuneration framework has three components:

- fixed base pay and benefits, including superannuation (where applicable);
- short-term incentives (STIs); and
- long-term incentives (LTIs) through participation in the 2012 Equity Incentive Plan (EIP) and the Employee Share Option Plan (ESOP), which have been approved by the Board and outlined in the prospectus dated 30 October 2015 and issued by the company in connection with the Initial Public Offering (the 'Prospectus')

The combination of these components comprise the total remuneration package of executive KMP.

Base pay

The base pay may be delivered as a combination of cash and prescribed non-financial benefits at the discretion of the KMP. Executive KMP are offered a modest base pay that comprises cash salary, superannuation and non-monetary benefits. Base pay for executive KMP is reviewed annually by the Remuneration Committee which takes into account capability, experience, value to the organisation and performance of the individual.

Retirement benefits for KMP

There are no retirement benefits made available to KMP, other than as required by statute or by law.

Short-term incentives (STI)

To ensure that remuneration for executive KMP is aligned to BuildingIQ's performance, a significant component of each executive KMP's remuneration package is performance based and, therefore, "at risk".

Executive KMP have the opportunity to earn an annual STI if pre-defined targets are achieved. STI opportunities for executive KMP vary depending on the role, responsibility and ability to influence the performance of the consolidated entity.

KPI's for executive KMP to 31 December 2015 included:

KMP	Key Performance Indicators
Michael Nark	• 50% based on the consolidated entity's annual performance, including bookings, revenue and EBITDA • 50% based on individual KPIs linked to the consolidated entity's strategic plan

The target remuneration mix for executive KMP to 31 December 2015 was:

KMP	Fixed	STI	Total
Michael Nark	66%	33%	100%

Details of the performance based remuneration awarded and forfeited during the period was:

KMP	Target	Awarded	Forfeited
Michael Nark	US$125,000	US$150,000	US$12,500

With respect to KPIs based on the consolidated entity's annual performance the President and Chief Executive Officer was awarded a bonus of US$50,000 out of a maximum US$62,500, the balance being forfeited.

With respect to KPIs based on BuildingIQ's strategic plan the President and Chief Executive Officer was awarded a bonus of US$100,000, which exceeded his contracted bonus potential of US$62,500. This bonus was awarded in recognition of the President and Chief Executive Officers' above expectations contribution to the successful Initial Public Offer.

Performance based remuneration will be settled in a combination of cash and/or equity at the election of the President and Chief Executive Officer.

C Executive remuneration policy and framework (continued)

Long-term incentives (LTI)

The objective of the LTI scheme is to deliver long-term shareholder value by incentivising executive KMP to achieve sustained financial performance. BuildingIQ granted directors and key employees options under its:

- 2012 Equity Incentive Plan ('EIP'), and
- Employee Share Option Plan ('ESOP')

as detailed in the Prospectus.

Since commencement the President and Chief Executive Officer has received three option grants; the initial grant amounting to 5% of BuildingIQ's capital as at 9 September 2013 (his commencement date), the second grant, issued in 2015, consistent with the terms of the anti-dilution clause in his employment contract associated with completion of the Series B financing arrangements and the third grant, issued in 2015 in lieu of cash compensation for 2014 performance. The options vest over a four year period with the first 25% vesting on the one year anniversary and the balance vesting thereafter in equal monthly increments with the exception of the third grant which vests monthly over a four year period.

D Relationship between remuneration and the consolidated entity's performance

The overall level of reward for executive KMP takes into account the performance of the consolidated entity, with 50% of STI awarded based on consolidated entity performance against financial targets and 50% based on individual performance against personal KPIs.

Of the total incentive payments awarded, 50% of the maximum bonus potential is funded within budget if the Company meets its financial targets for the consolidated entity. The remaining 50% potential is funded out of incremental revenue in the event of financial outperformance.

E Non-executive Director remuneration policy

Non-executive Director's fees are determined within an aggregate Directors' fee pool limit, which was detailed in the Prospectus. Non-executive Directors are eligible to participate in EIP and ESOP.

The maximum annual aggregate Directors' fee pool limit is US$300,000 per annum. Aggregate total Directors' fees for 2015 were A$140,000 per annum which was pro-rated in the current year.

Fees earned are based on responsibilities and vary for the Board's Chair and for the Chair of each Board Committee. Fees and payments to Non-executive Directors reflect the demands that are made on, and the responsibilities of, the Directors.

	2015
Base fees	
Chair	A$40,000
Other Non-executive Directors	A$20,000
Committee fees	
Audit and Risk Management Committee Chair	A$10,000
Audit and Risk Management Committee Member	NIL
Remuneration Committee Chair	A$10,000
Remuneration Committee Member	NIL
Nomination Committee Chair/Member	NIL

For further information in relation to Directors' remuneration, refer to pages 13 to 16.

Retirement allowance for Directors

There are no retirement allowances paid to Non-executive Directors.

F Details of remuneration of Directors and Key Management Personnel

Amounts of remuneration

Non-executive Directors		Short-term benefits Salary and fees $	Cash bonus $	Other $	Post-Employment Benefits Super $	Option-based payments $	Total $
Alan Cameron*	2015	25,041	-	-	-	15,900	40,941
Tanya Cox**	2015	16,438	-	-	-	12,720	29,158
William Deane	2015	767	-	-	-	-	767
Gerd Goette	2015	767	-	-	-	-	767
Ken Pentimonti	2015	767	-	-	-	-	767
Total		43,780	-	-	-	28,620	72,400

* Alan Cameron was appointed to BuildingIQ Pty Ltd effective 14 April 2015.
** Tanya Cox was appointed to BuildingIQ Pty Ltd effective 17 August 2015.
Fees for the longer serving directors commenced on listing date, being 17 December 2015.

Other Key Management Personnel		Short-term benefits Salary and fees $	Cash bonus $	Other $	Post-Employment Benefits Super $	Option-based payments $	Total $
Michael Nark	2015	345,734	207,440	23,390	-	-	576,654

The relative proportions of remuneration referred to in the preceding table that are fixed compared to performance linked are detailed below.

Name	Fixed remuneration (%) 2015	At risk – STI (%) 2015
Michael Nark	64%	36%

G Service agreements

Remuneration and other employment benefits for executive KMP are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Michael Nark	Annual base salary	US$250,000 plus health insurance
	Performance bonus	US$125,000
	Options	First Options – 5% of fully diluted capital of the Company as at the date of hire
	Termination	Accrued wage and leave entitlements are paid. Unvested options lapse. Consistent with US employment arrangements employment may be terminated at any time, with or without cause and with or without notice at the option of either the Company or the CEO. In either case a four month severance obligation is payable on termination.

H Share-based compensation

Options

Details of options over ordinary shares in the company provided as remuneration to Directors are set out below. Further information on options and performance rights are set out in note 29 of the financial statements.

Non-executive Directors	Number of options granted during the period 2015	Number of options vested during the period 2015
Alan Cameron	50,000	50,000
Tanya Cox	40,000	40,000

The assessed fair value at the reporting date of options granted to the individuals is allocated over the period from grant date to expiry date, and the amount for the current period is included in the remuneration table in this report. Fair values at grant date are determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option.

I Equity instruments held by Key Management Personnel (options)

The number of options over ordinary shares in the Company held during the period by each Director of BuildingIQ Inc. of the company are set out below.

Non-executive Directors	Balance at start of period	Granted as compensation	Exercised	Other changes	Balance at end of period	Vested and exercisable to date	Unvested
Alan Cameron	-	50,000	-	-	50,000	50,000	Nil
Tanya Cox	-	40,000	-	-	40,000	40,000	Nil
William Deane	-	-	-	-	-	-	-
Gerd Goette	-	-	-	-	-	-	-
Ken Pentimonti	-	-	-	-	-	-	-

Other Key Management Personnel	Balance at start of period	Granted as compensation	Exercised	Other changes	Balance at end of period	Vested and exercisable to date	Unvested
Michael Nark	312,811	166,548	-	1,223,730	1,703,089	666,618	1,036,471

Share holdings

The number of shares in the company held during the period by each director of BuildingIQ, Inc. including their personally related parties, are set out below.

Non-executive Directors	Balance at start of the period	Received during the period on exercise of options	Other changes during the period	Balance at end of the period
Alan Cameron	-	-	40,000	40,000
Tanya Cox	-	-	40,000	40,000
William Deane[1]	450,000	-	1,148,782	1,598,782
Gerd Goette[1]	1,868,531	-	13,934,003	15,802,534
Ken Pentimonti[1]	1,868,515	-	14,404,354	16,272,869

[1] Other changes during the period relate to conversion of notes to shares and a pre-IPO share split

Other Key Management Personnel	Balance at start of the period	Received during the period on exercise of options	Other changes during the period	Balance at end of the period
Michael Nark	-	-	-	-

J Additional information

Loans to Directors and Executives

There were no loans to Directors or other KMP during the period.

Shares under option

Unissued ordinary shares of BuildingIQ Holdings Inc. under option at the date of this report are as follows.

Grant date	Expiry date	Fair value	Exercise Price	2015 Share options
December 2012	December 2017	US 5.1c	AUD 81.0c	73,919
December 2012	December 2017	US 5.1c	AUD 82.0c	262,021
December 2012	December 2017	US 2.8c	AUD 161.0c	21,316
December 2012	December 2017	US 2.0c	AUD 240.0c	183,857
March 2013	March 2023	US 10.1c	AUD 26.2c	319,753
June 2013	June 2023	US 10.4c	AUD 26.2c	10,658
October 2013	October 2023	US 10.4c	AUD 26.2c	1,305,000
January 2014	January 2024	US 0.3c	AUD 26.2c	61,539
August 2014	August 2024	US 0.3c	AUD 26.2c	113,094
November 2014	November 2024	US 0.3c	AUD 26.2c	14,210
June 2015	June 2025	US 0.3c	AUD 26.2c	1,103,322
October 2015	October 2025	US 0.3c	AUD 26.2c	335,735
December 2015	December 2018	AUD 31.8c	AUD 100c	90,000
December 2015	December 2020	AUD 36.5c	AUD 115c	2,112,500
Total				**6,006,924**

The earnings of the consolidated entity for the five years to 31 December 2015 are summarised below:

	2015 $	2014 $	2013 $	2012 $	2011 $
Sales revenue	4,272,887	1,418,646	875,507	N/A	N/A
Other income	893,401	548,139	715,611	N/A	N/A
EBITDA	(4,503,817)	(4,410,261)	(3,942,557)	N/A	N/A
EBIT	(5,185,083)	(5,113,587)	(4,447,547)	N/A	N/A
Loss after income tax	(5,273,890)	(5,345,132)	(4,447,547)	N/A	N/A

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2015	2014	2013	2012	2011
Share price at financial year end	$1	N/A	N/A	N/A	N/A
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	8.4	19.8	N/A	N/A	N/A

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

This concludes the remuneration report, which has been audited.

Shares issued on the exercise of options

No ordinary shares of the company were issued during the year ended 31 December 2015 and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers
As permitted under Delaware law, the company has agreements whereby officers and directors are indemnified for certain events or occurrences while the officer or director is, or was, serving at the company's request in such capacity. The maximum potential amount of future payments the company could be required to make under these indemnification agreements is not limited; however, the company has directors' and officers' insurance coverage that reduces the exposure and may enable the company to recover a portion of any future amounts paid. The company has determined that estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
BDO East Coast Partnership was appointed as auditor of the company on 7 December 2015. BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

BuildingIQ, Inc.
Directors' Report
31 December 2015

This report is made in accordance with a resolution of directors.

On behalf of the directors

Alan Cameron
Chair

25 February 2016
Sydney

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF BUILDINGIQ, INC.

As lead auditor of BuildingIQ, Inc. for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BuildingIQ, Inc. and the entities it controlled during the period.

Tim Sydenham
Partner

Sydney, 25 February 2016

General information

The financial statements cover BuildingIQ, Inc. as a consolidated entity consisting of BuildingIQ, Inc. and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is BuildingIQ, Inc.'s presentation currency.

BuildingIQ, Inc. is incorporated in Delaware USA. Its registered office and principal place of business is:

1065 East Hillsdale Blvd, Suite 310
Foster City CA 94404-1689 USA

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2016. The directors have the power to amend and reissue the financial statements.

BuildingIQ, Inc.
Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue from continuing operations	4	4,272,887	1,418,646
Other income	5	893,401	548,139
Revenue & other income		5,166,288	1,966,785
Cost of sales		(1,519,973)	(960,046)
Gross Profit		3,646,315	1,006,739
Interest income		5,008	11,098
Expenses			
Sales and marketing		(2,823,347)	(1,389,367)
Research costs		(731,545)	(266,922)
Administrative expenses		(3,526,898)	(3,602,816)
Other expenses		(252,053)	(168,993)
Depreciation & amortisation		(681,221)	(703,326)
Capital raising costs		(821,342)	-
Finance costs		(88,807)	(231,545)
Loss before income tax expense from continuing operations	6	(5,273,890)	(5,345,132)
Income tax expense	7	-	-
Loss after income tax expense for the year		(5,273,890)	(5,345,132)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		2,890,570	270,652
Other comprehensive income for the year, net of tax		2,890,570	270,652
Total comprehensive income for the year attributable to owners of BuildingIQ, Inc.		(2,383,320)	(5,074,480)

	Note	Cents	Cents
Basic earnings per share	31	(8.4)	(19.8)
Diluted earnings per share	31	(8.4)	(19.8)

BuildingIQ, Inc.
Consolidated Statement of Financial Position
As at 31 December 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Assets			
Current assets			
Cash and cash equivalents	8	20,982,621	579,766
Trade and other receivables	9	3,264,226	2,039,517
Other	10	255,405	53,448
Total current assets		24,502,252	2,672,731
Non-current assets			
Property, plant and equipment	11	92,103	81,185
Intangible assets	12	887,255	1,007,031
Other non-current assets	13	93,454	89,442
Total non-current assets		1,072,812	1,177,658
Total assets		25,575,064	3,850,389
Liabilities			
Current liabilities			
Trade and other payables	14	588,798	319,954
Employee benefits	15	436,750	306,957
Deferred revenue		102,213	67,965
Other current liabilities	16	462,415	592,455
Total current liabilities		1,590,176	1,287,331
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		1,590,176	1,287,331
Net assets		23,984,888	2,563,058
Equity			
Issued capital	17	41,288,540	13,651,233
Convertible notes	17	-	4,716,222
Reserves	18	4,194,603	419,968
Accumulated losses	19	(21,498,255)	(16,224,365)
Total equity		23,984,888	2,563,058

BuildingIQ, Inc.
Consolidated Statement of Changes in Equity
For the year ended 31 December 2015

Consolidated	Issued capital $	Convertible notes $	Reserves $	Accumulated losses $	Total Equity $
Balance at 1 January 2014	13,651,803	-	81,697	(10,879,233)	2,854,267
Loss after income tax expense for the year	-	-	-	(5,345,132)	(5,345,132)
Other comprehensive income for the year, net of tax	-	-	270,652	-	270,652
Total comprehensive income for the year	-	-	270,652	(5,345,132)	(5,074,480)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 17)	(570)	4,716,222	-	-	4,715,652
Employee share schemes	-	-	67,619	-	67,619
Balance at 31 December 2014	13,651,233	4,716,222	419,968	(16,224,365)	2,563,058

Consolidated	Issued capital $	Convertible notes $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2015	13,651,233	4,716,222	419,968	(16,224,365)	2,563,058
Loss after income tax expense for the year	-	-	-	(5,273,890)	(5,273,890)
Other comprehensive income for the year, net of tax	-	-	2,890,570	-	2,890,570
Total comprehensive income for the year	-	-	2,890,570	(5,273,890)	(2,383,320)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 17)	27,637,307	(4,716,222)	-	-	22,921,085
KTM share options			771,062		771,062
Employee share schemes	-	-	113,003	-	113,003
Balance at 31 December 2015	41,288,540	-	4,194,603	(21,498,255)	23,984,888

BuildingIQ, Inc.
Consolidated Statement of Cash flows
For the year ended 31 December 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Receipts from customers (inclusive of GST)		2,224,810	1,325,804
Payments to suppliers and employees (inclusive of GST)		(7,654,232)	(6,322,830)
Interest received		5,008	11,098
Interest and other finance costs paid		-	(1,598)
Capital raising costs paid		(437,970)	-
R&D tax refund received		1,549,542	411,820
Net cash used in operating activities	29	(4,312,842)	(4,575,706)
Cash flows from investing activities			
Payments for property, plant and equipment		(60,246)	(40,724)
Payments for intangible assets		(1,261,234)	(1,180,252)
Movements in security deposits		-	14,406
Net cash used in investing activities		(1,321,480)	(1,206,570)
Cash flows from financing activities			
Proceeds from issues of shares		27,577,560	-
Proceeds from issue of convertible notes (net of transaction costs)		-	4,716,222
Proceeds from borrowings		3,600,000	-
Repayment of borrowings		(3,600,000)	-
Capital raising costs (capitalised)		(1,332,679)	-
Net cash from financing activities		26,244,881	4,716,222
Net increase/(decrease) in cash and cash equivalents		20,610,559	(1,066,054)
Cash and cash equivalents at the beginning of the financial year		579,766	1,415,771
Effects of exchange rate changes on cash and cash equivalents		(207,704)	230,049
Cash and cash equivalents at the end of the financial year	8	20,982,621	579,766

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BuildingIQ, Inc. ('company' or 'parent entity') as at 31 December 2015 and the results of all subsidiaries for the year then ended. BuildingIQ, Inc. and its subsidiaries together are referred to in these financial statements as the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars. BuildingIQ, Inc.'s functional currency is USD.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve will be recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenues consist primarily of software licence fees, software implementation, hardware sales, project management services, installation, consulting, and post-sale maintenance support. The majority of our revenue arrangements involve multiple deliverables which the entity has determined it is unable to separate. As such, these revenues are recognised on a straight line basis over the term of the arrangement.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government cooperative agreement
The consolidated entity receives government assistance (compensation) for discounts (cost relief) given to new customers in order to expand the use of the technology owned by the consolidated entity. The consolidated entity recognises this assistance as a separate component of sales revenue as cost relief is provided to new customers (i.e. a portion of the cooperative agreement is recognised equal to the discount (cost relief) provided to the customer).

Government grants
Government grants and the ATO R&D tax incentive are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

The total R&D tax incentive receivable is apportioned between other income and the development asset based on the split of expenditure in the claim.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Impairment of non-financial assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Convertible notes
Convertible notes are classified as equity as they have a fixed conversion ratio and no right to be redeemed for cash.
Where these note attract a non-discretionary interest component then the fair value of the expected payments is shown as a financial liability.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. The consolidated entity is likely to adopt this standard from 1 July 2018 and the impact of its adoption is currently being considered by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The consolidated entity is likely to adopt this standard from 1 July 2019 and the impact of its adoption is currently being considered by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Impairment of development asset
The consolidated entity reviews annually whether any external or internal indicators of impairment exist regarding its development assets. Where such indicators exist an impairment test is performed to test the recoverable amount of the asset. Further detail is set out in Note 12.

Revenue recognition
There are some instances where the consolidated entity enters into trial programs or other arrangements where billing does not occur until the conclusion of a trial period where performance can be demonstrated and measured. The consolidated recognises this revenue as the services are performed to the extent that it can be reliably measured. To the extent that revenue is not reliably measureable then it is not recognised as income.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity has only one reportable segment which is the development, design, engineering, sale and installation of integrated software projects that reduce the energy, operations and maintenance costs of the customers' facilities. There is no aggregation of operating segments.

Major customers
The consolidated operates major agreements with the US Government Department of Energy and NV Energy Inc and the revenue recognised from these projects was approximately $1.7m and $0.7m for the current year respectively.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2015 $	2014 $	2015 $	2014 $
Australia	365,302	244,223	958,220	1,097,046
USA	3,907,585	1,174,423	114,592	80,611
	4,272,887	1,418,646	1,072,812	1,177,657

Note 4. Revenue from continuing operations

	Consolidated	
	2015 $	2014 $
Sales revenue		
Sale of goods and services	2,615,701	1,274,147
Government cooperative agreement	1,657,186	144,499
Revenue from continuing operations	4,272,887	1,418,646

Note 5. Other income

	Consolidated	
	2015 $	2014 $
Government grants (R&D tax incentive)	893,401	548,139
Other income	893,401	548,139

Note 6. Expenses

	Consolidated 2015 $	Consolidated 2014 $
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	54,688	53,404
Amortisation		
Development	626,543	649,422
Salaries and wages		
Salaries and wages	6,171,446	4,771,648
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)/loss	(101,741)	208,919
Rental expense relating to operating leases		
Minimum lease payments	356,521	324,054
Superannuation expense		
Defined contribution superannuation expense	226,623	180,095
Share-based payments		
Share-based payments expense	113,003	67,618
Finance costs (8% interest on convertible notes)	88,807	231,545

Note 7. Income tax expense

	Consolidated	
	2015	2014
	$	$
Income tax expense		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised		
USA – Federal	8,749,712	7,642,378
USA – Californian	8,197,011	4,032,564
Australian	5,009,249	3,149,772
Total unused tax losses	21,955,972	14,824,714
Tax losses – potential benefit		
Unused tax losses * applicable tax rate for which no deferred tax asset has been recognised		
USA – Federal (34%)	2,974,902	2,598,409
USA – Californian (8.84%)	724,615	356,479
Australian (30%)	1,502,775	944,932
Total potential benefit	5,202,292	3,899,820

USA Federal and Californian losses expire on various dates beginning 2031. Australian losses can be carried forward indefinitely. The benefit will only be obtained if: a) the consolidated entity derives future foreseeable income to utilise the losses; b) the consolidated entity continues to satisfy the conditions for deductibility imposed by law; and c) there are no changes in tax legislation which adversely impact the consolidated entity's ability to realise the benefit from the deduction for the losses.

Individual items reconciling net loss before tax to taxable income and prima facie tax are not included within these accounts as they are considered to be immaterial. The consolidated entity also has an immaterial amount of other deferred tax assets and liabilities which are offset by tax losses not recognised above.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2015	2014
	$	$
Cash at bank	20,982,621	579,766
	20,982,621	579,766

Note 9. Current assets - trade and other receivables

	Consolidated 2015 $	Consolidated 2014 $
Trade receivables	483,039	213,694
Less: Provision for impairment of receivables	(191,819)	(82,905)
	291,220	130,789
Accrued income & other receivables	1,325,184	320,864
Government grant (R&D tax incentive) receivables	1,647,822	1,587,864
	3,264,226	2,039,517

Impairment of receivables
The consolidated entity has recognised a loss of $119,028 (2014: $60,870) in profit or loss in respect of impairment of receivables for the year ended 31 December 2015.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2015 $	Consolidated 2014 $
0 to 3 months overdue	-	15,105
3 to 6 months overdue	-	44,789
Over 6 months overdue	191,819	23,011
	191,819	82,905

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Opening balance	82,905	15,778
Additional provisions recognised	108,914	67,127
Receivables written off during the year as uncollectable	-	-
Unused amounts reversed	-	-
Closing balance	191,819	82,905

Note 9. Current assets - trade and other receivables (continued)

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $317,477 as at 31 December 2015 ($76,366 as at 31 December 2014).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2015 $	Consolidated 2014 $
0 to 3 months overdue	26,840	67,268
3 to 6 months overdue	146,935	9,098
Over 6 months overdue	143,702	-
	317,477	76,366

Note 10. Current assets - other

	Consolidated 2015 $	Consolidated 2014 $
Prepayments	196,726	53,448
GST receivable	58,679	-
	255,405	53,448

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2015 $	Consolidated 2014 $
Leasehold improvements - at cost	19,990	19,990
Less: Accumulated depreciation	(19,990)	(15,396)
	-	4,594
Plant and equipment - at cost	702,705	635,592
Less: Accumulated depreciation	(610,602)	(559,001)
	92,103	76,591
	92,103	81,185

Consolidated	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 January 2014	11,166	79,089	90,255
Additions	-	40,724	40,724
Foreign exchange differences	-	4,110	4,110
Depreciation expense	(6,572)	(47,332)	(53,904)
Balance at 31 December 2014	4,594	76,591	81,185
Additions	-	60,246	60,246
Foreign exchange differences	-	5,340	5,340
Depreciation expense	(4,594)	(50,074)	(54,668)
Balance at 31 December 2015	-	92,103	92,103

Note 12. Non-current assets – intangible assets

	Consolidated 2015 $	Consolidated 2014 $
Development (net of R&D incentive) - at cost	2,848,998	2,342,231
Less: Accumulated amortisation	(1,961,743)	(1,335,200)
	887,255	1,007,031

The recoverable value of the consolidated entity's development asset is determined based on a value in use calculation which uses cash flow projections based on the financial budgets approved by the Board for 2016 financial year. The budget is then extrapolated for a further four years at projected growth rates for both revenue and costs which management consider are appropriate for the markets the consolidated entity operates in. Given the sensitivity of growth rates for both revenue and expenses due to stage of where consolidated entity and the stage markets are at, a range of possible scenarios are modelled to assess the carrying value of the development asset for impairment. Management modelled a range of discount rates based on the risk free rate plus a risk margin appropriate for the markets the consolidated entity operates in. A range of likely scenarios have been modelled to demonstrate that the development asset is not impaired at 31 December 2015.

Note 12. Non-current assets – intangible assets (continued)

Consolidated	Development $
Balance at 1 January 2014	1,088,303
Additions (net of R&D incentive)	568,150
Amortisation expense	(649,422)
Balance at 31 December 2014	1,007,031
Additions (net of R&D incentive)	506,767
Amortisation expense	(626,543)
Balance at 31 December 2015	887,255

Note 13. Non-current assets – other non-current assets

	Consolidated 2015 $	2014 $
Security deposits	93,454	89,442

Note 14. Current liabilities - trade and other payables

	Consolidated 2015 $	2014 $
Trade payables	588,798	319,954

Refer to note 20 for further information on financial instruments.

Note 15. Current liabilities - employee benefits

	Consolidated 2015 $	2014 $
Employee benefits	436,750	306,957

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. The consolidated entity expects all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 16. Current liabilities – other current liabilities

	Consolidated 2015 $	Consolidated 2014 $
Accrued expenses	454,183	586,325
Sales tax	8,232	6,130
	462,415	592,455

Note 17. Equity - issued capital

	Consolidated 2015 Shares	2014 Shares	2015 $	2014 $
Ordinary shares - fully paid	84,281,887	5,505,735	41,288,540	13,651,232

Movements in ordinary share capital

Details	Date	No of shares	Issue price $
Balance	1 January 2014	5,505,735	13,651,802
Share issue transaction costs, net of tax	January 2014	-	(570)
Balance	31 December 2014	5,505,735	13,651,232
Issue of shares	February 2015	174,422	645,100
Conversion of convertible notes (including interest)	February 2015	2,979,333	4,798,558
Share split	September 2015	51,122,397	-
Issue of shares	September 2015	4,500,000	3,600,000
Issue of shares at IPO	December 2015	20,000,000	20,000,000
Share issue transaction costs, net of tax		-	(1,406,350)
Balance	31 December 2015	84,281,887	41,288,540

Convertible notes
During 2014 the company issued 1,534,904 convertible notes (at issue prices ranging between US $3.09 to US $3.27) amounting to $4,716,222. In February 2015 these notes converted into shares, together with the outstanding accrued interest which is reflected in the table above, which outlines movements in share capital. There are no convertible notes outstanding at 31 December 2015. These notes described were converted into ordinary shares 1:1 and did not carry additional features such as cash redemption or rights to guaranteed dividend payments.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the prior year.

Note 18. Equity - reserves

	Consolidated 2015 $	Consolidated 2014 $
Options reserve	1,082,016	197,951
Foreign currency reserve	3,112,587	222,017
	4,194,063	419,968

Options reserve
The options reserve is used to recognise the fair value of options issued but not exercised.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Options reserve $	Foreign Currency $	Total $
Balance at 1 January 2014	130,332	(48,635)	81,697
Employee share options	67,619	-	67,619
Foreign currency translation	-	270,652	270,652
Balance at 31 December 2014	197,951	222,017	419,968
Employee share options	113,003	-	113,003
KTM options	771,062	-	771,062
Foreign currency translation	-	2,890,570	2,890,570
Balance at 31 December 2015	1,082,016	3,112,587	4,194,603

Note 19. Equity - accumulated losses

	Consolidated	
	2015	2014
	$	$
Accumulated losses at the beginning of the financial year	(16,224,365)	(10,879,233)
Loss after income tax expense for the year	(5,273,890)	(5,345,132)
Accumulated losses at the end of the financial year	(21,498,255)	(16,224,365)

Note 20. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board').

Market risk

Foreign currency risk
The majority of the consolidated entity’s operations are denominated in USD, which are translated into the consolidated entity’s presentation currency of Australian dollars. A 10% strengthening of the Australian dollar against USD would have decreased revenue from continuing operations by approximately $355,235 and the loss after income tax expense by $243,122. Conversely a 10% weakening of the Australian dollar against the USD would have increased revenue from continuing operations by $434,176 and increased loss after income tax expense by $297,149.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including contracting payment in advance where possible, obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) or available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves, continuously monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

Note 20. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	588,798	-	-	-	588,798
Total non-derivatives		588,798	-	-	-	588,798

Consolidated - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	319,954	-	-	-	319,954
Total non-derivatives		319,954	-	-	-	319,954

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 21. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below.

In the prior year the executive leadership team who were considered key management personnel. Following a review by the Remuneration Committee in the current financial year, it was determined that the only employee that remains a key management personnel following the listing on the ASX and introduction of the Audit Committee and Remuneration Committee is Michael Nark, President and Chief Executive Officer.

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits	620,340	1,702,729
Post-employment benefits	-	36,267
Share-based payments	28,620	88,377
	648,960	1,827,373

Note 22. Remuneration of auditors

During the previous financial year the auditors changed from BDO USA, LLP to BDO East Coast Partnership. The following fees were paid or payable for services provided by the auditor of the company, its network firms and unrelated firms:

	2015 $	2014 $
Audit services – BDO East Coast Partnership		
Audit or review of the financial statements	47,500	99,500
Other services – BDO East Coast Partnership		
Investigating Accountant services	122,673	-
IFRS and currency conversion work	-	24,109
	170,173	123,609
Audit services – BDO USA, LLP		
Audit or review of the financial statements	-	-
Other services - BDO USA, LLP		
Preparation of tax returns	-	3,502
Transfer pricing review	-	3,557
	-	7,059
	-	7,059

Note 23. Contingent liabilities

There are no contingent liabilities at the reporting date (2014: $nil).

Note 24. Commitments

	Consolidated	
	2015 $	2014 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	309,812	171,599
One to five years	206,926	195,789
	516,738	367,388

Operating lease commitments includes contracted amounts for various offices under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 25. Related party transactions

Parent entity
BuildingIQ, Inc. is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Terms and conditions
The only related party transactions occurred between the parent entity and its subsidiary. All transactions were made on normal commercial terms and conditions and at market rates and were fully eliminated on consolidation.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2015 $	2014 $
Loss after income tax	(2,720,828)	(2,817,382)
Total comprehensive income	(204,262)	(1,335,909)

Statement of financial position

	Parent 2015 $	2014 $
Total current assets	18,815,425	947,785
Total assets	27,037,016	3,050,177
Total current liabilities	1,139,476	924,326
Total liabilities	1,139,476	924,326
Equity		
Issued capital	41,288,540	13,739,675
Convertible notes	-	4,716,222
Reserves	7,147,848	2,190,811
Accumulated losses	(24,451,500)	(6,066,352)
Total equity	23,984,888	2,125,850

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2015 and 31 December 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2015 and 31 December 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	2014 %
BuildingIQ, Pty. Ltd	Australia	100.00%	100.00%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1.

Note 28. Events after the reporting period

There have been no transactions or events of a material and unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the directors of the Company, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Note 29. Reconciliation of loss after income tax to net cash from operating activities

	2015 $	2014 $
Loss after income tax expense for the year	(5,273,890)	(5,345,132)
Adjustments for:		
Depreciation and amortisation	681,208	702,826
Share-based payments	113,013	67,618
Non-cash finance costs	88,807	-
Foreign exchange translation	1,201,841	677,958
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,224,709)	(405,687)
(Decrease)/increase in deferred revenue	34,248	(476,525)
Increase in prepayments & other assets	(201,957)	(4,253)
Increase/(decrease) in trade and other payables	268,844	148,096
(Decrease)/increase in employee benefits	129,793	(14,104)
Movement in provisions	(130,040)	73,497
Net cash used in operating activities	(4,312,842)	(4,575,706)

Note 30. Share-based payments

2012 Equity Incentive Plan

Under the 2012 Equity Incentive Plan, ("2012 Plan") the company's Board of Directors, or a committee of the Board of Directors, may grant incentive and nonqualified stock options to employees, officers, directors, consultants, independent contractors, and advisors to the company, or to any parent, subsidiary, or affiliate of the company. The purpose of the 2012 Plan is to attract, retain, and motivate eligible persons whose present and potential contributions are important to BuildingIQ's success by offering them an opportunity to participate in the company's future performance through equity awards of stock options and stock bonuses. Under the terms of the 2012 Plan, the exercise price of stock options may not be less than 100% of the fair market value on the date of grant.

AU Plan

Under the AU plan the company's Board of Directors, or a committee of the Board of Directors, may grant incentive and nonqualified stock options to employees, officers, directors, consultants, independent contractors, and advisors to the company, or to any parent, subsidiary, or affiliate of the company. The purpose of the Plan is to attract, retain, and motivate eligible persons whose present and potential contributions are important to BuildingIQ's success by offering them an opportunity to participate in the company's future performance through equity awards of stock options and stock bonuses. Under the terms of the Plan, the exercise price of stock options may not be less than 100% of the fair market value on the date of grant.

Valuation of Stock-Based Awards

The fair value of each stock option granted under the Company's equity incentive plans is based on independent valuations and estimated on the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions as of December 31, 2015:

	2012 & 2013 grants	**2014 & 2015 grants**
Expected life	4.95 years	4.95 years
Expected volatility	58%	44.4%
Risk-free interest rate	1.48%	1.48%
Expected dividends	- %	- %

Expected volatility is based on the average of the historical volatility of the issued shares of a peer group of public companies as the company has limited stock price history for the period commensurate with the expected life of the option and the implied volatility of traded options. The risk free interest rate is equal to the U.S. Treasury constant maturity rates for the period equal to the expected life. The company does not currently pay cash dividends on the company's issued shares and does not anticipate doing so in the foreseeable future. Accordingly, the company's expected dividend yield is zero.

In addition to the options described above the Company also issued options to certain directors and to KTM Capital Pty Ltd as a part of the underwriting agreement for the initial public offering. The valuation of these options also used expected volatility of 44.4%, a risk-free interest rate of 2% and no expected dividends. The expected life reflected the contractual maturity of the options of 3 and 5 years respectively.

Note 30. Share-based payments (continued)

The table below sets out the details of the movements in options granted for the period ending 31 December 2015.

Consolidated	**Number of Options**
Balance at 1 January 2014	2,367,974
Options granted to employees	188,843
Options forfeited	(191,450)
Balance at 31 December 2014	2,365,367
Options granted to employees	1,460,402
Options forfeited	(21,345)
Options granted to directors	90,000
Options granted to KTM Capital	2,112,500
Balance at 31 December 2015	6,006,924
Unvested employee options	1,660,556
Vested options comprise:	
- employees options	2,143,868
- Directors options	90,000
- KTM options	2,112,500
	6,006,924

The majority of the outstanding employee options are exercisable at AUD 26.2 cents and vest over the next three years. The options granted to Directors and to KTM Capital Pty Ltd vested immediately in December 2015 and are exercisable at AUD $1.00 and AUD $1.15 respectively.

Note 31. Earnings per share

	2015 $	**2014 $**
Loss attributable to the ordinary equity holders of the company used in basic and diluted earnings per share		
Loss after income tax attributable to the owners of BuildingIQ, Inc.	5,273,890	5,345,132
less Interest expense on convertible notes	(88,807)	(231,545)
Adjusted loss attributable to ordinary equity holders of the company	5,185,083	5,113,587
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share (adjusted for pre-IPO share split & conversion of convertible notes)	61,496,660	25,793,062
Adjustments for calculation of diluted earnings per share:		
Options	3,121,160	2,279,265
Adjustment for options (anti-dilutive)	(3,121,160)	(2,279,265)
Weighted average number of ordinary shares used in calculating diluted earnings per share	61,496,660	25,793,062
	Cents	**Cents**
Basic earnings per share	(8.4c)	(19.8c)
Diluted earnings per share	(8.4c)	(19.8c)

BuildingIQ, Inc.
Directors' Declaration
31 December 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Alan Cameron
Chair

25 February 2016
Sydney

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of BuildingIQ, Inc.

Report on the Financial Report

We have audited the accompanying financial report of BuildingIQ, Inc., which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BuildingIQ, Inc., would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of BuildingIQ, Inc. is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of BuildingIQ, Inc. for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

BDO

Tim Sydenham
Partner

Sydney, 25 February 2016

Additional securities exchange information as at 7 April 2016

Number of holders of equity securities

Ordinary share capital
84,281,887 fully paid ordinary shares are held by 313 individual shareholders. In addition there are 6,906,924 unlisted options on issue.

All issued ordinary shares carry one vote per share.

The Company did not participate in any on-market share buy-back programs during 2015.

There are ASX escrow restrictions in place until 17 December 2017 in respect of 34,035,004 shares (and any CDIs held in respect of those shares) and in respect of 3,905,589 options. In addition voluntary escrow restrictions are applicable to 9,419,349 shares (and any CDIs held in respect of those shares) until 17 December 2016, and a further 755,443 shares (and any CDIs held with respect to those shares) until 17 December 2017.

Substantial shareholders as at date of last notice to the company

Ordinary shareholders	Number of equity securities	% Voting power
Welas Pty Ltd	19,994,060 CDIs	23.73%
Siemens Venture Capital GmbH	15,802,533 CDIs	18.75%
Paladin	16,272,885 Shares / CDIs	19.31%

Distribution of Share/CDI holders

Range	Number of Share/CDI holders as at 7 April 2016
1-1000	19
1,001 – 5,000	182
5,0001 – 10,000	24
10,0001 – 100,000	54
100,001 and over	34
Total number of holders	313
Holders of less than a marketable parcel	9

BuildingIQ, Inc.
Shareholder Information
31 December 2015

Twenty largest holders of quoted equity securities

Name	Equity Securities	
	Number	%
WELAS PTY LTD <WALES FAMILY NO 2 A/C>	19,431,524	23.06%
SIEMENS VENTURE CAPITAL GMBH	15,802,533	18.75%
PALADIN GLOBAL ALTERNATIVE ENERGY FUND LP	12,204,817	14.48%
UBS NOMINEES PTY LTD	7,126,886	8.46%
CITICORP NOMINEES PTY LIMITED	4,050,000	4.81%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,680,000	3.18%
ASTER CAPITAL PARTNERS SAS	2,500,200	2.97%
EXTO PARTNERS AUSTRALIA PTY LTD	1,598,782	1.90%
IFM PTY LTD <IFM SUPER FUND A/C>	1,434,500	1.70%
EQUITAS NOMINEES PTY LTD <3069550 A/C>	1,390,000	1.65%
PALADIN III L.P.	1,352,228	1.60%
PALADIN III (NY CITY) L.P.	1,141,278	1.35%
AKHENATEN PTY LIMITED <AKHENATEN A/C>	909,813	1.08%
NATIONAL NOMINEES LIMITED <DB A/C>	827,000	0.98%
PALADIN III (CAYMAN ISLANDS) LP	783,819	0.93%
MCC VENTURE CAPITAL I HOLDINGS LIMITED	625,000	0.74%
VIRTUS TRUST LIMITED <ZIMMERMAN FAMILY A/C>	576,133	0.68%
WELAS PTY LTD <WALES FAMILY SUPER FUND A/C>	562,536	0.67%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	562,500	0.67%
MR BENJAMIN PHILLIPE GRENIER	500,000	0.59%
Total Top 20	76,059,549	90.24%
Total Issued Capital	84,281,887	