

2016 Interim Report

Half year report for the half-year ended 30 June 2016

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') 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 half year ended 30 June 2016.

Directors

The following persons were directors of BuildingIQ, Inc. during the whole of the period and up to the date of this report, unless otherwise stated:

Alan Cameron
Tanya Cox
William Deane
Gerd Goette
Michael Nark
Ken Pentimonti

Principal activities

BuildingIQ, Inc (the "Company") is a leading provider of energy efficiency solutions for facilities throughout the United States and Australia. The Company's principal activity 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 period.

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 increased from the prior comparable period by approximately 8%, from \$1,870,073 to \$2,024,983 reflecting an increase in monthly recurring revenue. Other income also increased by \$288,144 reflecting an increase in the grants and tax incentives receivable for 2016.

Operating expenses (which exclude Finance costs) increased from \$3,247,814 to \$5,970,430. This increase includes a write off of accrued income of \$719,393 and acquisition costs of \$121,091 which are both considered to be non-recurring in nature. After taking these amounts into account underlying operating expenditure increased by \$1,882,132 to \$5,129,946.

As forecast, sales and marketing costs increased from \$1,304,523 to \$2,018,897 as additional headcount was added in these functions to drive revenue growth. Additional product and IT engineering headcount was employed to continue the development and build out the Company's energy management platform. These increases in both recurring and non-recurring operating costs resulted in a net loss for the current period of \$4,565,460 compared to \$2,408,676 for the six month period ended 30 June 2015.

Changes in the state of affairs

On the 13 April 2016 the Company purchased the Energy WorkSite and Facilities WorkSite businesses from NorthWrite Inc. The purchase price was \$3,992,117 (USD \$3m) and further details on the transaction are set out in Note 3 of the accompanying financial statements. This acquisition expands the service offering of the consolidated entity and increases the addressable market of the business. Apart from this there were no other significant changes to the affairs of BuildingIQ, Inc.

Matters subsequent to the end of the financial period

Other than already reflected in the financial statements there have been no other 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.

Auditor's independence declaration

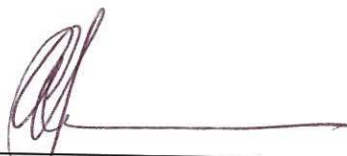
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

A handwritten signature in dark ink, appearing to be 'Alan Cameron', written over a horizontal line.

Alan Cameron
Chair

24 August 2016
Sydney

DECLARATION OF INDEPENDENCE BY NAME OF IAN HOOPER TO THE DIRECTORS OF BUILDINGIQ, INC.

As lead auditor for the review of BuildingIQ, Inc. for the half-year ended 30 June 2016, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 24 August 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 period. 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:

2121 South El Camino Real, Suite 200
San Mateo, CA 94403, 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 24 August 2016. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
30 June 2016

	Notes	Consolidated 6 months ended 30 June 2016 \$	Consolidated 6 months ended 30 June 2015 \$
Revenue from continuing operations		2,024,983	1,870,073
Other income		563,675	275,531
Revenue & other income		<u>2,588,658</u>	<u>2,145,604</u>
Cost of sales		(1,145,691)	(895,727)
Gross profit		<u>1,442,967</u>	<u>1,249,877</u>
Interest revenue		9,287	821
Sales and marketing		(2,018,897)	(1,304,523)
Research costs		(933,325)	(676,131)
Administrative expenses		(1,883,088)	(950,004)
Depreciation and amortisation		(341,920)	(317,156)
Transaction advisory costs		(121,091)	-
Finance costs		-	(411,560)
Impairment of accrued income		(719,393)	-
	4	<u>(6,017,714)</u>	<u>(3,659,374)</u>
Loss before income tax from continuing operations		(4,565,460)	(2,408,676)
Income tax expense	5	-	-
Loss after income tax expense for the period		<u>(4,565,460)</u>	<u>(2,408,676)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(388,552)	(552,542)
Other comprehensive income for the period, net of tax		<u>(388,552)</u>	<u>(552,542)</u>
Total comprehensive income for the period attributable to owners of BuildingIQ, Inc.		<u>(4,954,012)</u>	<u>(2,961,218)</u>
		Cents	Cents
Basic earnings per share		(5.4)	(3.3)
Diluted earnings per share		(5.4)	(3.3)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
as at 30 June 2016**

		Consolidated	
	Notes	As at 30 June 2016	As at 31 December 2015 Restated
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		14,988,064	20,982,621
Trade and other receivables		1,596,439	1,616,404
R&D grant receivable	6	902,778	1,647,822
Other current assets		199,862	255,405
Total current assets		<u>17,687,143</u>	<u>24,502,252</u>
Non-current assets			
Plant and equipment		119,787	92,103
Goodwill	3	4,085,729	-
Other intangible assets	7	1,492,300	887,255
Other non-current assets		139,586	93,454
Total non-current assets		<u>5,837,402</u>	<u>1,072,812</u>
Total assets		<u>23,524,545</u>	<u>25,575,064</u>
Liabilities			
Current liabilities			
Trade and other payables	8	422,728	588,798
Employee benefits	9	681,373	839,228
Deferred revenue		165,049	102,213
Other current liabilities	10	553,649	59,937
Deferred consideration	3	2,687,200	-
Total current liabilities		<u>4,509,999</u>	<u>1,590,176</u>
Total liabilities		<u>4,509,999</u>	<u>1,590,176</u>
Net assets		<u>19,014,546</u>	<u>23,984,888</u>
Equity			
Issued capital	11,18	44,078,685	44,175,942
Reserves	12,18	999,576	1,307,201
Accumulated losses		<u>(26,063,715)</u>	<u>(21,498,255)</u>
Total equity		<u>19,014,546</u>	<u>23,984,888</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
30 June 2016

Consolidated	Issued Capital \$	Convertible Note \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2015	13,651,233	4,716,222	419,966	(16,224,363)	2,563,058
Loss after income tax expense for the period	-	-	-	(2,408,676)	(2,408,676)
Other comprehensive income for the period, net of tax	-	-	(552,542)	-	(552,542)
Total comprehensive income for the period	-	-	(552,542)	(2,408,676)	(2,961,218)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	8,692,769	(4,716,222)	-	-	3,976,546
Employee share schemes	-	-	39,004	-	39,004
Balance at 30 June 2015	22,344,001	-	(93,571)	(18,633,040)	3,617,390
Balance at 1 July 2015	22,344,001	-	(93,571)	(18,633,040)	3,617,390
Loss after income tax expense for the period	-	-	-	(2,865,215)	(2,865,215)
Other comprehensive income for the period, net of tax	-	-	3,443,113	-	3,443,113
Total comprehensive income for the period	-	-	3,443,113	(2,865,215)	577,898
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	18,944,539	-	-	-	18,944,539
KTM options	-	-	771,062	-	771,062
Employee share schemes	-	-	73,999	-	73,999
Balance at 31 December 2015	41,288,540	-	4,194,603	(21,498,255)	23,984,888
Balance at 1 January 2016	41,288,540	-	4,194,603	(21,498,255)	23,984,888
Prior period adjustment (note 18)	2,887,402	-	(2,887,402)	-	-
Restated balance at 1 January 2016	44,175,942	-	1,307,201	(21,498,255)	23,984,888
Loss after income tax expense for the period	-	-	-	(4,565,460)	(4,565,460)
Other comprehensive income for the period, net of tax	-	-	(388,552)	-	(388,552)
Total comprehensive income for the period	-	-	(388,552)	(4,565,460)	(4,954,012)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	(97,257)	-	-	-	(97,257)
Employee share schemes	-	-	80,927	-	80,927
Balance at 30 June 2016	44,078,685	-	999,576	(26,063,715)	19,014,546

Consolidated Statement of Cash Flows
30 June 2016

	Consolidated	
	6 months	6 months
	ended	ended
	30 June	30 June
	2016	2015
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,224,853	921,878
Payments to suppliers and employees (inclusive of GST)	(5,890,428)	(3,538,344)
Interest received	9,287	821
Interest and other finance costs paid	-	(2,624)
Transaction advisory costs paid	(328,844)	-
R&D tax refund received	1,691,501	-
Net cash used in operating activities	<u>(3,293,631)</u>	<u>(2,618,269)</u>
Cash flows from investing activities		
Payments for plant and equipment	(45,573)	(30,225)
Payments for intangible assets	(871,169)	(374,353)
Payments for business acquisition	(1,304,917)	-
Net cash used in investing activities	<u>(2,221,659)</u>	<u>(404,578)</u>
Cash flows from financing activities		
Proceeds from issues of shares	-	3,976,695
Capital raising costs (capitalised)	(119,485)	-
Net cash (used in)/from financing activities	<u>(119,485)</u>	<u>3,976,695</u>
Net (decrease)/increase in cash and cash equivalents	(5,634,775)	953,848
Cash and cash equivalents at the beginning of the financial period	20,934,791	579,766
Effects of exchange rate changes on cash and cash equivalents	(311,952)	(539,272)
Cash and cash equivalents at the end of the financial period	<u>14,988,064</u>	<u>994,342</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Significant accounting policies

Basis of preparation

The consolidated half-year financial report is a general purpose financial report for the half-year ended 30 June 2016 and has been prepared in accordance with the Corporations Act 2001 and the principles of Accounting Standard AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The accounting policies adopted are consistent with those of the previous financial year. The requirements of the Corporations Act as voluntarily applied to the extent they are not applicable to a Delaware incorporated company.

This consolidated half-year financial report does not include all the information, disclosures and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any announcements made by BuildingIQ, Inc. during the interim reporting period.

Historical cost convention

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

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.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015. However certain comparative amounts have been reclassified to conform with the current period's presentation.

2. 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.

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2016	30 June 2015	30 June 2016	31 Dec 2015
	\$	\$	\$	\$
Australia	132,227	139,113	1,567,879	958,220
USA	1,892,756	1,730,960	4,269,523	114,592
	2,024,983	1,870,073	5,837,402	1,072,812

3. Business Combinations

Name of business acquired	Principal activity	Acquisition Date	Ownership acquired %	Cost of acquisition \$
Energy WorkSite & Facility WorkSite	Building software	13 April 2016	100	3,992,117

On 13 April 2016 the Company completed the acquisition of the Energy WorkSite and Facility WorkSite businesses from NorthWrite Inc. for total consideration of \$3,992,117 (US\$3m). The Energy WorkSite application is a monitoring and data analytics software toolkit that allows commercial and industrial facilities to accurately track and benchmark energy use. The Facility WorkSite application is a low cost management platform for facilities that provide work order management, preventative maintenance and asset performance reporting services.

These businesses coupled with the Company's monitoring-based commissioning services created a full suite Energy Information Management Services (EIMS) platform. This acquisition enables the consolidated entity to create additional free cash flow and service the needs of owners of commercial building portfolios.

Deferred consideration is payable in two future tranches: \$1,142,060 (US\$850,000) in January 2017; and \$1,545,140 (US\$1,150,000) in April 2017. The amounts are payable in USD and include thresholds for the retentions of key customer contracts. The carrying amount of deferred consideration recognised as at 30 June 2016 is assumed to approximate its fair value due to its short-term nature.

The acquisition accounting is not yet complete and accordingly the excess of the purchase consideration over the fair value of net assets acquired has been classified as provisional goodwill. An assessment and valuation of any other intangible assets acquired will be undertaken during the second half of 2016.

Purchase consideration	\$
Cash consideration paid	
Deferred consideration	1,304,917
Total consideration	<u>2,687,200</u>
	3,992,117
Allocation of purchase consideration	
Trade receivables and fixed assets	218,610
Deferred revenue	(206,360)
Other liabilities	(67,180)
Provisional goodwill ¹	4,047,407
Net assets	<u>3,992,117</u>

¹Provisional goodwill revalued at 30 June 2016 for changes FX rates

The impact of the acquisition was to contribute revenue of \$295,600 to the results of the consolidated entity for the period since acquisition. The marginal contribution to earnings before interest, tax and depreciation (EBITDA) is positive however as not all overheads are fully allocated it is not possible to disclose the impact on net profit/(loss). The Directors do not consider it practical to estimate what consolidated revenue and the profit/(loss) for the period ended 30 June 2016 would have been if the acquisition had occurred on 1 January 2016. It is considered impractical because the capital and cost structure of the business under its previous ownership is significantly different to the way that these businesses have been operated by the consolidated entity. Transaction costs of \$121,091 are disclosed as a separate line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

4. Expenses

	Consolidated	
	Half year	Half year
	2016	2015
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	28,621	26,768
<i>Amortisation</i>		
Development	313,299	313,036
<i>Net foreign exchange (gain)/loss</i>		
Net foreign exchange (gain)/loss	-	25,321
Rental expense relating to operating leases		
Minimum lease payments	182,967	159,753
<i>Superannuation expense</i>		
Defined contribution superannuation expense	129,885	106,566
<i>Share-based payments expense</i>		
Share-based payments	80,927	39,004
Transaction advisory costs	121,091	-
Finance costs (interest on convertible notes)	-	411,050

5. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. Since the Group is incurring tax losses the effective tax rate is estimated to be 0% for the half year ended 30 June 2016 (2015 0%).

6. R&D grant receivable

	Consolidated	
	As at	As at
	30 June	31 December
	2016	2015
	\$	\$
Research & development grant receivable	902,778	1,647,822
	<u>902,778</u>	<u>1,647,822</u>

BuildingIQ Pty Ltd is eligible for a research and development (R&D) grant which is received on an annual basis after the Australian Tax Office processes its tax return, which is based on the calendar year. The amount of the R&D grant receivable is accrued based on eligible expenses incurred. At 30 June 2016 the receivable represents an estimate of the receivable for 6 months of eligible expenses compared to an estimate of twelve month's activity at 31 December 2015.

7. Other intangible assets

	Note	Consolidated	
		As at 30 June 2016	As at 31 December 2015
Development (net of R&D incentive) - at cost		\$ 3,216,236	\$ 2,848,998
Less: Accumulated amortisation		(2,275,042)	(1,961,743)
	7(a)	<u>941,194</u>	<u>887,255</u>
CSIRO developed optimisation technology – at cost		468,315	-
NetSuite – at cost		<u>82,791</u>	<u>-</u>
		<u>1,492,300</u>	<u>887,255</u>

The recoverable value of the consolidated entity's intangible assets (including goodwill) is determined based on a value in use calculation which uses cash flow projections based on a forecast approved by the Board for the next twelve months from balance date. The forecast 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. The results of this process indicate that the headroom, representing the excess of fair value over net assets, has reduced since 31 December 2015. Beyond the next twelve months revenue growth rates in excess of 50% are required to support the carrying value of intangibles, albeit less than the historical revenue growth rate achieved from 2014 to 2015. To the extent that these growth rates are no longer considered achievable an impairment may be recorded in a future period. Alternative likely scenarios have been modelled to demonstrate that the development asset is not impaired at 30 June 2016.

7(a) Development

	Development \$
Balance at 1 January 2015	1,007,031
Additions (net of R&D incentive)	506,767
Amortisation expense	<u>(626,543)</u>
Balance at 31 December 2015	<u>887,255</u>
Additions (net of R&D incentive)	367,238
Amortisation expense	<u>(313,299)</u>
Balance at 30 June 2016	<u>941,194</u>

8. Current liabilities – trade and other payables

	Consolidated	
	As at 30 June 2016	As at 31 December 2015
Trade payables	\$ 422,728	\$ 588,798
	<u>422,728</u>	<u>588,798</u>

9. Current liabilities – employee benefits

	Consolidated	
	As at 30 June 2016	As at 31 December 2015
Employee benefits	\$ 681,373	\$ 839,228
	<u>681,373</u>	<u>839,228</u>

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 within the next twelve months.

10. Current liabilities – other current liabilities

	Consolidated	
	As at 30 June 2016	As at 31 December 2015
Accrued expenses	\$ 545,452	\$ 51,705
Sales tax	8,198	8,232
	<u>553,649</u>	<u>59,937</u>

11. Reconciliation of issued capital

Details	Date	No of shares #	Issue Price Restated \$
Balance at 31 January 2014		5,505,735	13,651,232
Issue of shares	February 2015	865,485	3,149,662
Conversion of convertible notes (including interest)	February 2015	2,211,882	5,543,107
Issue of shares	July 2015	111,272	408,487
Share split	September 2015	51,087,513	-
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		-	(2,176,546)
Balance at 31 December 2015		<u>84,281,887</u>	<u>44,175,942</u>
Share issue transaction costs, net of tax		-	(97,257)
Balance at 30 June 2016		<u>84,281,887</u>	<u>44,078,685</u>

Refer Note 18 for details of contributed equity reclassification in second half of 2016

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.

11. Reconciliation of issued capital (continued)

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.

12. Equity – reserves

	Options Reserve	Foreign Currency Restated	Total
	\$	\$	\$
Balance as at 1 January 2015	197,951	222,016	419,967
Employee share options	39,004	-	39,004
Foreign currency translation	-	(552,542)	(552,542)
Balance as at 30 June 2015	236,955	(330,526)	(93,571)
Balance as at 1 July 2015	236,955	(330,526)	(93,571)
KTM options	771,062	-	771,062
Employee share options	73,999	-	73,999
Foreign currency translation	-	3,443,113	3,443,113
Balance as at 31 December 2015	1,082,016	3,112,587	4,194,603
Prior period adjustment (note 18)	-	(2,887,402)	(2,887,402)
Adjusted balance as at 31 December 2015	1,082,016	229,185	1,307,201
Balance as at 1 January 2016	1,082,016	229,185	1,307,201
Employee share options	80,927	-	80,927
Foreign currency translation	-	(388,582)	(388,582)
Balance as at 30 June 2016	1,162,943	(163,367)	999,576

Refer Note 18 for details of Foreign Currency reserve reclassification in second half of 2016

13. 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 \$222,000 and the loss after income tax expense by approximately \$268,000. Conversely a 10% weakening of the Australian dollar against the USD would have increased revenue from continuing operations by approximately \$292,000 and increased loss after income tax expense by approximately \$353,000.

13. Financial instruments (continued)

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.

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 – 2016	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						
<i>Non-interest bearing</i>						
Trade payables	0%	422,728	-	-	-	422,728
Deferred consideration	0%	2,687,200	-	-	-	2,687,200
Total non-derivatives		3,109,928	-	-	-	3,109,928

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						
<i>Non-interest bearing</i>						
Trade payables	0%	588,798	-	-	-	588,798
Total non-derivatives		588,798	-	-	-	588,798

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

14. Contingent liabilities

There are no contingent liabilities at the reporting date (2015: \$nil).

15. Related party transactions

Parent entity

BuildingIQ, Inc. is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 16.

Terms and conditions

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

16 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	
		2016 %	2015 %
BuildingIQ, Pty. Ltd	Australia	100.00	100.00
Building IQ Singapore Pte Ltd	Singapore	100.00	-

17. Events after the reporting period

Other than already reflected in the financial statements there have been no other 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.

18. Prior period adjustment and restatement of comparatives for contributed equity and foreign currency reserve

The restatement relates to historical transactions for which the foreign currency impact had not been correctly allocated between contributed equity and the foreign currency reserve. This restatement represents a reallocation within equity, and has no impact on the consolidated statement of cashflows, consolidated statement of profit or loss or the net assets contained in the consolidated statement of financial position.

Equity

	2015		2015
	Reported	Adjustment	Restated
Issued capital	41,288,540	2,887,402	44,175,942
Reserves	4,194,603	(2,887,402)	1,307,201
Total equity	45,483,143	-	45,483,143

Directors' Declaration

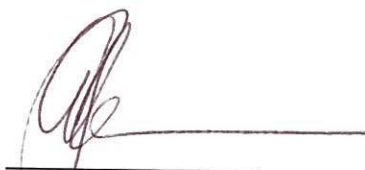
In the directors' opinion:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors

On behalf of the directors

A handwritten signature in dark ink, appearing to be 'Alan Cameron', is written over a horizontal line.

Alan Cameron
Chair

24 August 2016
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BuildingIQ, Inc.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BuildingIQ, Inc., which comprises the consolidated statement of financial position as at 30 June 2016, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BuildingIQ, Inc., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BuildingIQ, Inc. is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', with a stylized flourish at the end.

Ian Hooper
Partner

Sydney, 24 August 2016