Geo

NZX AND MEDIA RELEASE **25 February 2020**

RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2019

Core Geo revenue stable amid platform relaunch

- Group half year revenues[1] fall by 15.3% versus PCP[2] to $2.1 million with stable core *Geo* platform revenue diluted by weaker *Geo for Sales* product revenue
- MRR[3] from the core *Geo* platform (80% of revenues) is stable, in line with PCP ($1.7m, -3.0%)
- Sales and marketing efforts for the new *Geo* platform show early encouraging results
- Revenue from the *Geo for Sales* product (20% of revenues) reduces by 42.8% versus PCP to $0.4 million reflecting regulatory changes to the field sales market in Victoria
- EBITDA[4] loss increases by 88.0% to $1.2 million, reflecting lower revenues from *Geo for Sales* ($0.3m) and increased investment in sales and marketing activity to launch the new *Geo* platform ($0.5m)
- Statutory net loss improves by 64.4% to $1.6 million versus PCP reflecting the impact of a prior-year write down of *Geo for Sales* intangible assets
- Underlying average monthly cash burn[5] increases by 22% to $0.2 million
- Cash at hand of $0.2m with the undrawn convertible note facilities as at 31 December 2019 are anticipated to be adequate to fund operations through to Q4 of calendar 2020
- New Chief Executive Officer and Chief Revenue Officer appointed after balance date, with a clear expectation of improved revenue growth and financial performance

GEO (NZX.GEO) today announces financial results for the half year to 31 December 2019 showing the effects of the previously-flagged delay to the launch of its core Software-as-a-Service (SaaS) mobile workforce platform *Geo* and a poor performance in the half year by its *Geo for Sales* product.

However, the Company also reports early positive indications in customer recruitment to the new *Geo* platform following its launch in the half year period.

Group revenue for the six months to 31 December 2019 fell 15.3% to $2.1 million from $2.5 million in the PCP largely reflecting a fall in the revenue contribution from the *Geo for Sales* product. *Geo for Sales* subscription revenue fell 42.8% to $0.4 million from $0.7 million from PCP following the previously flagged changes to the field sales market in Victoria.

Subscription revenue for the core *Geo* platform remained broadly stable at $1.7 million (-3% versus PCP).

EBITDA[4] losses increased to $1.2 million from $0.6 million in PCP, reflecting the weaker *Geo for Sales* revenue and a $0.5 million increase in sales and marketing activity to launch the new *Geo* platform.

Statutory net losses narrowed by 64.4% to $1.6 million due to the prior year write down of *Geo for Sales* intangible assets.

[1] All figures are for the six-month period ending 31 December 2019 unless otherwise stated.
[2] Prior Corresponding Period
[3] Monthly Recurring subscription Revenues
[4] Earnings before Interest, Tax, Depreciation and Amortisation
[5] Underlying average monthly cash burn is actual Operating and Investing Cash Flows for the period noted, with government grant receipts then spread equally across all months in the period (rather than the actual annual receipt). This provides for easier comparability over periods and the directors and management believe that this measure provides useful information on the underlying performance of the company.

The Company ended the period with net cash of $0.2 million. The convertible note facility of up to $2.0 million to be provided by North Ridge Partners Pty Limited last year is anticipated to be adequate to fund operations through to the fourth quarter of the current calendar year.

As previously flagged, the Company is focussed on scaling its new *Geo* platform, which was launched during H1 with positive customer acceptance. This drove a ~100% increase in weekly average new *Geo* licences in Q4 CY19 over Q1 to Q3 levels, with annualised *Geo* licence growth reaching 13% during Q4[6].

The Company's programme to increase *Geo* prices to market rates saw ARPUs[7] for the period increase by a further 8.4% across the licence base to $17.50. New Geo licences are now being onboarded at an average of ~$27.50. Licence numbers have stabilised at ~16,000.

Results for the six months ended 31 December 2019	Unaudited 31 Dec 2019 $'000	Unaudited 31 Dec 2018 $'000	Variance $'000	Variance %
Revenues				
- Geo Subscription Revenues	1,692	1,745	(53)	-3.0%
- Geo for Sales Subscription Revenues	426	745	(319)	-42.8%
Recurring Revenues (Subscriptions)	**2,118**	**2,490**	**(372)**	**-14.9%**
Training & Implementation Fees	22	36	(14)	-38.9%
Revenues	**2,140**	**2,526**	**(386)**	**-15.3%**
Other income (incl. grants)	168	156	+12	+7.7%
Total Revenue	**2,308**	**2,682**	**(374)**	**-13.9%**
Statutory Net (Loss)	(1,612)	(4,522)	+2,910	+64.4%
EBITDA[4]	(1,207)	(642)	(565)	-88.0%
Licenses				
- Geo	15,911	18,736	(2,825)	-15.1%
- Geo for Sales	738	1,196	(458)	-38.3%
Monthly ARPU				
- Geo	$17.50	$16.15	+$1.35	+8.4%
- Geo for Sales	$88.81	$96.62	-$7.81	-8.1%

New CEO Tim Molloy and new Chief Revenue Officer Scott Player, both appointed earlier this month, have an immediate focus on driving improved growth.

Tim is a highly experienced CEO and Internet entrepreneur with a strong track record in building and selling high-growth service and technology companies. Meanwhile, Scott brings more than two decades of leadership experience in building and running digital marketing and software businesses.

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[6] Based on net licence adds on a rolling four-week basis; this is indicative only should not be used to extrapolate forward growth rates until more data points are provided.

[7] Average Revenue Per User

Chairman Roger Sharp said: "We are pleased with the new *Geo* platform. The many small steps being taken to optimise our channels and customer acquisition programmes by our new leadership team will progressively deliver better metrics. We expect a significantly improved performance over time."

Tim Molloy said: "We see healthy potential ahead as we fine tune the business to accelerate sales of our new *Geo* platform. It is now market competitive and we are now already seeing good acceptance from customers."

For more information:

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ABOUT GEO

Geo is a leading SaaS business that provides advanced mobile workforce management platforms for field sales and service teams. The market for Geo's products is growing quickly as the global mobile workforce expands. Geo helps its customers boost profits, save time and increase efficiency – *making it easier out there*.

For more information: www.geoworkforcesolutions.com

Geo

Geo Limited (GEO)
Results for announcement to the market

Results for announcement to the market		
Name of issuer	Geo Limited	
Reporting Period	6 months to 31 December 2019	
Previous Reporting Period	6 months to 31 December 2018	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$2,140	-15.3%
Total Revenue	$2,308	-13.9%
Net profit/(loss) from continuing operations	($1,612)	64.4%
Total net profit/(loss)	($1,591)	63.0%
Interim/Final Dividend		
Amount per Quoted Equity Security	No dividends paid or proposed	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	-$0.012	$0.024
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to accompanying results announcement	
Authority for this announcement		
Name of person authorised to make this announcement	Tim Molloy	
Contact person for this announcement	Tim Molloy	
Contact phone number	+61 411 592 180	
Contact email address	tim.molloy@geoworkforcesolutions.com	
Date of release through MAP	24 February 2020	

Unaudited financial statements accompany this announcement.

Geo

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2019

(Stated in New Zealand Dollars)	Note	6 months Unaudited 31 Dec 2019 $'000	6 months Unaudited 31 Dec 2018 $'000
Revenue			
Revenue from contracts with customers	3	2,140	2,526
Other revenue	4	168	156
Total Revenue		**2,308**	**2,682**
Expenses			
Research and development		(650)	(890)
Sales and marketing		(1,291)	(761)
General operating and administration		(1,588)	(1,673)
Write down of intangible assets		-	(3,231)
Depreciation and amortisation		(391)	(649)
Total Expenses	5	**(3,920)**	**(7,204)**
(Loss) from operations before tax		(1,612)	(4,522)
Income Tax benefit		-	-
Net (loss) from operations for the year		**(1,612)**	**(4,522)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Gain/ (Loss) on translation of foreign operations		21	224
Total comprehensive (loss) for the period, net of tax attributable to shareholders		**(1,591)**	**(4,298)**
(Loss) per Share:			
Basic and diluted (loss) per share (cents)		(1.98)	(5.89)

Calculated on a weighted average basis of the number of shares and warrants on issue

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

Consolidated interim statement of changes in equity

For the six months ended 31 December 2019

Unaudited **(Stated in New Zealand Dollars)**	**Share Capital $'000**	**Share Based Payments Reserve $'000**	**Foreign Currency Translation Reserve $'000**	**Accumulated Losses $'000**	**Total Equity $'000**
Balance at 1 July 2018	28,719	84	346	(25,473)	3,676
Loss for the year	-	-	-	(4,522)	(4,522)
Currency translation movements	-	-	224	-	224
Total Comprehensive Income	**-**	**-**	**224**	**(4,522)**	**(4,298)**
Transactions with Owners					
Issue of shares	4,051	(84)	-	-	3,967
Net share-based payment expense	-	41	-	-	41
Balance at 31 December 2018	**32,770**	**41**	**570**	**(29,995)**	**3,386**
Balance at 1 July 2019	**32,808**	**63**	**523**	**(30,968)**	**2,426**
Loss for the period	-	-	-	(1,612)	(1,612)
Currency translation movements	-	-	21	-	21
Total Comprehensive Income	**-**	**-**	**21**	**(1,612)**	**(1,591)**
Transactions with Owners					
Issue of shares	66	(66)	-	-	-
Share buyback	(50)	-	-	-	(50)
Net share-based payment expense	-	83	-	-	83
Balance at 31 December 2019	**32,824**	**80**	**544**	**(32,580)**	**868**

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

Geo

Consolidated interim statement of financial position

As at 31 December 2019

(Stated in New Zealand Dollars)	Note	Unaudited 31 Dec 2019 $'000	Audited 30 June 2019 $'000
Current assets			
Cash and cash equivalents		227	1,024
Trade and other receivables		534	1,115
Other assets		9	-
Total current assets		**770**	**2,139**
Non-current assets			
Property, plant & equipment	7	392	37
Intangible assets	8	1,876	1,689
Other assets		49	58
Total non-current assets		**2,317**	**1,784**
Total assets		**3,087**	**3,923**
Current liabilities			
Trade and other payables		1,505	1,485
Related party loan	9	18	-
Lease liabilities	10	94	-
Total current liabilities		**1,617**	**1,485**
Non-current liability			
Provision for long service leave		12	12
Related party loan	9	314	-
Lease liabilities	10	276	
Total non-current liability		602	12
Total liabilities		**2,219**	**1,497**
Net assets		**868**	**2,426**
Equity			
Share capital	11	32,824	32,808
Share based payments reserve		80	63
Accumulated losses		(32,580)	(30,968)
Foreign currency translation reserve		544	523
Total equity		**868**	**2,426**

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

Consolidated interim statement of cash flows

For the six months ended 31 December 2019

(Stated in New Zealand Dollars)	6 months Unaudited 31 Dec 2019 $'000	6 months Unaudited 31 Dec 2018 $'000
Cash flows from operating activities		
Cash was provided from (applied to):		
Receipts from customers	2,317	2,716
Grants received	615	34
Interest received	2	28
Payments to suppliers & employees	(3,391)	(3,362)
Net cash (outflow) from operating activities	**(457)**	**(584)**
Cash flows from investing activities		
Cash was provided from (applied to):		
Bonds matured	-	11
Purchase of property, plant and equipment	(4)	(32)
Capitalised development costs	(545)	(648)
Capitalised website & trademark costs	-	(32)
Net cash (outflow) from investing activities	**(549)**	**(701)**
Cash flows from financing activities		
Cash was provided from (applied to):		
Related party loans repaid	-	(1,528)
Related party loans received	314	194
Payment of lease liabilities	(44)	-
Payment of interest	(11)	-
Capital raising costs	-	(130)
Issue of ordinary shares/ share buyback	(50)	2,715
Net cash inflow from financing activities	**209**	**1,251**
Net (decrease) in cash held	(797)	(34)
Add cash and cash equivalents at start of the period	1,024	1,995
Balance at end of the year	**227**	**1,961**
Comprised of:		
Cash and cash equivalents	**227**	**1,961**

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

Geo

Notes to the consolidated interim financial statements

For the six months ended 31 December 2019

1. BASIS OF PREPARATION

These unaudited interim financial statements of Geo Limited (the "Company") and its subsidiaries ("Geo" or "the Group") included in the Preliminary announcement have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with New Zealand Equivalent to International Accounting standard 34: *Interim Financial Reporting*.

The company is registered under the New Zealand Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX: GEO) and is required to be treated as an FMC Reporting Entity under the Financial Market Conducts Act 2013 and Financial Reporting Act 2013.

The financial statements are presented in thousands of New Zealand dollars and are unaudited.

Theses consolidated interim financial statements were approved by the Board of Directors on 24 February 2020.

2. ACCOUNTING POLICIES

The unaudited interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, the interim financial statements should be read in conjunction with the Group's Annual Report for the year ended 30 June 2019.

The same accounting policies and methods of computation are followed in these interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 30 June 2019 with the exception of NZ IFRS 16: Leases as set out below. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

a) Going Concern

These interim financial statements have been prepared using the going concern assumption.

Recent Financial Performance

For the six months ended 31 December 2019, subscription revenue was down 14.9% to $2,118,000 (31 December 2018: $2,490,000). The Company remains in the development phase of its operations, recording a net loss before tax of $1,612,000 for the period ended 31 December 2019 (31 December 2018: $4,522,000). The net loss reduced by 64.4% reflecting a prior period write down of intangible assets of $3,200,000. The net cash outflow from operations for the period was $457,000 (31 December 2018: $584,000).

The financial performance in the reported half largely reflects the decline in *Geo for Sales* subscription revenues and the go-to-market testing stage for the recently launched updated *Geo* product. Directors expect financial performance to progressively improve in the future, and note the following factors that inform this assumption:

- the *Geo* product now represents >80% of the subscription revenues of the Company;
- the focus during the reported period on optimising marketing channels and customer acquisition journey for *Geo* delivered encouraging initial results and improving trends in Q2;
- the Company has recently appointed a Chief Revenue Officer with two decades of leadership experience in building and running digital marketing businesses who will have direct responsibility for optimising these processes; and
- the technology roadmap includes further feature rollouts that will continually improve the customer value proposition.

Capital Position

On 23 August 2019 Geo entered a convertible note agreement to obtain additional funding of $1,500,000 (up to $2,000,000 by agreement) via a convertible note. At 31 December 2019 Geo has drawn down $332,000 with a further $623,000 drawn down post reporting date.

Directors currently expect that the maximum funding available under the Convertible Note Facility, in conjunction with expected Research & Development cash grant receipts, will be sufficient to fund the business through to Q4 CY20.

The Company notes that it has historically funded its operations and the investment in building out its technology products via capital raisings conducted through the public equity markets. The Directors have cause to believe that equity market funding will continue to be available in the future.

The early stage of go-to-market with the new *Geo* product and likely reliance on future capital raisings gives rise to a material uncertainty which may cast doubt over the consolidated entity's ability to continue as a going concern. Having regard to the factors noted above that would lead to improved financial performance, Directors have concluded there are reasonable grounds to believe that the consolidated entity will be able to pay is debts as and when they become due. On this basis the financial report has been prepared on a going concern basis.

b) Application of New Accounting Standard – NZ IFRS 16: Leases

NZ IFRS 16 is effective for reporting period beginning on or after 1 January 2019. The Group applied NZ IFRS 16 from 1 July 2019. The standard introduces new requirements with respect to lease accounting. It presents significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The impact of the adoption of NZ IFRS 16 on the Group's consolidated financial statements is described below.

Impact on Lessee Accounting

NZ IFRS 16 changes how the Group accounts for leases, previously classified as operating leases under NZ IAS 17, which were off-balance-sheet.

Applying NZ IFRS 16, for all leases Geo:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive Income;
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows; and
- recognises short-term and low value leases in the consolidated statement of profit or loss and other comprehensive Income as rental costs.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under NZ IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under NZ IFRS 16, right-of-use assets are tested for impairment in accordance with NZ IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Recognition and measurement of Geo Group's leasing activities

Geo has adopted NZ IFRS 16 using the modified retrospective transition approach. Under this approach, the cumulative effect of initially applying NZ IFRS 16 is recognised as an adjustment to opening retained earnings.

Since the cumulative impact of the leases adjustment on opening retained earnings at 1 July 2019 was not material ($2,000), Geo has not adjusted the opening retained earnings at the date of transition.

In applying NZ IFRS 16 for the first time, Geo has used the following practical expedients permitted by the standard:

- use of a single discount rate to leases with reasonably similar characteristics;
- use of hindsight in determining a lease term; and
- reliance on previous assessments on whether leases are onerous.
- Short-term leases and low value lease exemption as allowed under the standard

Under NZ IFRS 16, all qualifying leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period. The right-of-use asset is depreciated over the asset’s lease term on a straight-line basis.

The lease payments are discounted using the market borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Geo has leases for property and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The consolidated interim statement of comprehensive income includes operating expenses of $2,000 which relates to short term leases or leases of low value.

The impact of adoption of NZ IFRS 16 on the Group’s consolidated interim financial position is summarised in the table below:

	31 Dec 2019 Unaudited ($000s)	**1 July 2019 Unaudited ($000s)**
Right-of-use assets	361	415
Lease liabilities	(370)	(413)
Retained earnings	9	(2)

When compared to the accounting policies applied in the prior comparative period, the adoption of NZ IFRS 16 on the Group’s consolidated interim statement of comprehensive income for the six months ended 31 December 2019 is as follows:

	31 Dec 2019 Unaudited ($000s)
Operating expenses	(55)
Depreciation	53
Interest expense	12

3. Revenue from contracts with customers

	31 Dec 2019 Unaudited ($000s)	**31 Dec 2018 Unaudited ($000s)**
Subscription revenue	2,118	2,490
Implementation fee	22	36
	2,140	**2,526**

4. Other revenue

	31 Dec 2019 Unaudited ($'000)	31 Dec 2018 Unaudited ($'000)
Government grants	166	127
Interest revenue	2	29
	168	**156**

5. Expenses

	31 Dec 2019 Unaudited ($'000)	31 Dec 2018 Unaudited ($'000)
Amortisation of intangible assets	328	632
Auditors' fees for audit of the financial statements	42	37
- Audit year ended 30 June 2019	5	-
Auditors' other fees:		
- Other assurance services	13	3
- Taxation compliance services	7	14
Depreciation of property, plant & equipment	63	17
Employee benefits	1,411	1,519
Contractors	751	511
Superannuation	125	129
Share Based Payments	84	41
Lease expenditure	-	73
Net foreign exchange differences	73	324
Loss on disposal of assets	-	60
Write down of intangible assets	-	3,231
Interest - related party loan	2	-
Interest – lease liability	12	-
Loan fee – North Ridge Partners Pty Limited	16	-
Other Operating expenses	988	613
	3,920	**7,204**

6. Segment Reporting

The directors of the company have chosen to organise the Group around differences in products and services. The Group operates two main products being Geo and Geo for Sales.

Geo is a mobile workforce management and costing solution that helps users create, schedule and assign jobs to field workers in real time. On site, workers can generate quotes, record job details and attach photos, signatures and files immediately. Once the jobs have been completed, workers can send invoices and organise fast payment. All customer records are available anywhere, at any time.

Geo for Sales is a field sales management solution, it was introduced to Geo's product suite in 2016 through the acquisition of Interface IT. It allows managers to allocate selling regions to staff, provides detailed geographic and demographic information and monitor sales performance in real time.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

Six months ended 31 Dec 2019	**Geo ($'000)**	**Geo for Sales ($'000)**	**Total ($'000)**
Revenue from contracts with customers	1,692	448	2,140
Total segment revenue	**1,692**	**448**	**2,140**
Hosting and infrastructure costs	(321)	(114)	(435)
Sales and marketing	(309)	(2)	(311)
Staffing	(1,687)	(203)	(1,890)
Internal Software	(38)	(1)	(39)
Write down of intangible assets	-	-	-
Total segment expenses	**(2,355)**	**(320)**	**(2,675)**
Segment earnings	**(663)**	**128**	**(535)**

Six months ended 31 Dec 2018	**Geo ($'000)**	**Geo for Sales ($'000)**	**Total ($'000)**
Revenue from contracts with customers	1,745	801	2,546
Total segment revenue	**1,745**	**801**	**2,546**
Hosting and infrastructure costs	(293)	(139)	(432)
Sales and marketing	(125)	(22)	(147)
Staffing	(998)	(546)	(1,544)
Internal Software	(25)	(4)	(29)
Write down of intangible assets	-	(3,231)	(3,231)
Total segment expenses	**(1,441)**	**(3,942)**	**(5,383)**
Segment earnings	**304**	**(3,141)**	**(2,837)**

Reconciliation of segment earnings to statement of comprehensive income:

	31 Dec 2019 Unaudited ($'000)	**31 Dec 2018 Unaudited ($'000)**
Segment earnings	(535)	(2,837)
Add: Other revenue	168	156
Less: General operating and administration	(854)	(1,192)
Less: Amortisation of intangible assets	(328)	(632)
Less: Depreciation of property, plant and equipment	(63)	(17)
	(1,612)	**(4,522)**

7. Property, plant and equipment

Unaudited	Office Equipment ($'000)	Computer Equipment ($'000)	Fixtures and Fittings ($'000)	Office furniture ($'000)	Right-of-use assets ($'000)	Total ($'000)
At 1 July 2018						
Cost	39	212	28	49	-	328
Accumulated depreciation	(34)	(174)	(11)	(23)	-	(242)
Carrying amount at beginning of year	**5**	**38**	**17**	**26**	**-**	**86**
Year ended 30 June 2019						
Additions	-	34	1	-	-	35
Disposal (net of accumulated depreciation)	(3)	(8)	(15)	(25)	-	(51)
Depreciation	(1)	(30)	(1)	(1)	-	(33)
Carrying amount at 30 June 2019	**1**	**34**	**2**	**-**	**-**	**37**
At 1 July 2019						
Cost	5	85	4	-	-	94
Accumulated depreciation	(4)	(51)	(2)	-	-	(57)
Carrying amount at beginning of year	**1**	**34**	**2**	**-**	**-**	**37**
Period ended 31 Dec 2019						
Transition balance [(i)]	-	-	-	-	414	414
Additions	-	-	4	-	-	4
Disposal (net of accumulated depreciation)	-	-	-	-	-	-
Depreciation	-	(9)	(1)	-	(53)	(63)
Carrying amount at 31 Dec 2019	**1**	**25**	**5**	**-**	**361**	**392**
At 31 Dec 2019						
Cost	5	85	8	-	414	512
Accumulated depreciation	(4)	(60)	(3)	-	(53)	(120)
Carrying amount at 31 Dec 2019	**1**	**25**	**5**	**-**	**361**	**392**

The Group's right-of-use assets are for the Group's premises in Sydney, Australia. The Sydney premises lease has a term of four years with a termination date of 31 May 2023.

[(i)] Transition balance refers to the adjustment required as a result of the Group adopting NZ IFRS 16 at 1 July 2019.

Geo

8. Intangible assets

Unaudited	Trademarks ($'000)	Website ($'000)	Application Software ($'000)	Goodwill ($'000)	Other Intangibles ($'000)	Total ($'000)
At 1 July 2018						
Cost	62	21	7,707	4,868	-	12,658
Accumulated amortisation	-	(10)	(3,060)	(4,868)	-	(7,938)
Carrying amount at 30 June 2018	**62**	**11**	**4,647**	**-**	**-**	**4,720**
Year ended 30 June 2019						
Additions	32	-	1,100	-	33	1,165
Disposal (net of accumulated amortisation)	-	(9)	-	-	-	(9)
Amortisation	-	(2)	(901)	-	-	(903)
Write down of intangible assets	-	-	(3,191)	-	-	(3,191)
Foreign currency translation	-	-	(97)	-	4	(93)
Carrying amount at 30 June 2019	**94**	**-**	**1,558**	**-**	**37**	**1,689**
At 1 July 2019						
Cost	94	2	8,638	-	37	8,771
Accumulated amortisation	-	(2)	(7,080)	-	-	(7,082)
Carrying amount at beginning of year	**94**	**-**	**1,558**	**-**	**37**	**1,689**
Period ended 31 Dec 2019						
Additions	2	-	504	-	10	516
Disposal (net of accumulated amortisation)	-	-	-	-	-	-
Amortisation	-	-	(317)	-	(11)	(328)
Write down of intangible assets	-	-	-	-	-	-
Foreign currency translation	-	-	(1)	-	-	(1)
Carrying amount at 31 Dec 2019	**96**	**-**	**1,744**	**-**	**36**	**1,876**
At 31 Dec 2019						
Cost	96	2	9,142		47	9,287
Accumulated amortisation	-	(2)	(7,398)	-	(11)	(7,411)
Carrying amount at 31 Dec 2019	**96**	**-**	**1,744**	**-**	**36**	**1,876**

9. Related party loan

	31 Dec 2019 Unaudited ($'000)	30 June 2019 Audited ($'000)
Related party loan – current	18	-
Related party loan – non-current	314	-
	332	**-**

On 23 August 2019, Geo Limited entered into a facility agreement in the form of a convertible note of up to $1,500,000 extendible to $2,000,000 with its significant shareholder, North Ridge Partners Pty Limited to fund the company's working capital requirements.

The facility is unsecured with a three-year term, with six monthly conversion windows unless redeemed for cash or converted to equity sooner. Interest on the loan is 6% annualised, compounded daily and payable quarterly in arrears. If the Company completes an equity raise, the principal and any capitalised interest may be paid by way of the issue of shares at $0.10 per share (subject to shareholder approval). At any point prior to the conversion date, Geo Limited may elect to repurchase the convertible notes at premium.

The company has recognised a loan facility fee and payable to North Ridge Partners Pty Ltd of $16,000 as at balance date in respect of funding drawn.

10. Lease liabilities

The maturity of the lease liabilities is as follows:

	31 Dec 2019 Unaudited ($'000)	31 Dec 2018 Unaudited ($'000)
Less than 12 months	94	-
Later than 12 months	276	-
	370	**-**

The total interest expense on lease liabilities for the six months ended 31 December 2019 amounted to $12,000.

11. Share Capital

	Note	Number of shares	($'000)
Balance at 1 July 2018		**53,172,198**	**28,719**
Issue of shares on conversion of convertible notes – related parties		9,773,180	1,466
Issue of shares on conversion of related party loans		6,474,488	971
Issue of shares under right issue		10,647,364	1,634
Issue of shares – related parties		186,535	31
Issue of shares under placement – other parties		200,000	30
Deferred shares issue under placement – related parties		297,619	50
Transaction costs for the issue of new shares		-	(131)
Issue of shares under placement		256,849	38
Balance at 30 June 2019 – Audited		**81,008,233**	**32,808**
Movements during the period			
Issue of shares under placement	i	661,564	66
Capital reduction – small share buyback	ii	(498,702)	(50)
Balance at 31 December 2019 – Unaudited		**81,171,095**	**32,824**

All shares have been issued as fully paid and have no par value, In the six months ended 31 December 2019, the company issued equity as follows:

i. On 16 September 2019, the Company issued 661,564 shares at $0.10 per share to directors and former director in satisfaction of accrued and unpaid directors fees being 250,000 shares to Rod Snodgrass, 119,897 shares to Shailesh Manga and 291,667 shares to Mark Rushworth.

ii. On 18 December 2019, the Company repurchased 498,702 shares with less than $200 minimum holdings at volume weighted average price of $0.1077 to reduce administration and transaction costs and improve capital structure for the benefit of the remaining shareholders.

12. Reconciliation of Net Loss with cash flows from operating activities

	31 Dec 2019 Unaudited ($'000)	31 Dec 2018 Unaudited ($'000
Net Loss from operations for the period	(1,612)	(4,522)
Adjustments for non-cash items:		
Amortisation of intangible assets	328	632
Depreciation of property, plant and equipment	63	17
Write down of intangible assets	-	3,231
Loss on disposal of assets	-	60
Share-based payment expenses	84	41
Unrealised foreign exchange (gain)/loss	28	195
	503	4,176
Adjustment for financing activities:		
Lease and interest repayment	55	-
Movements in working capital:		
Accounts receivable and other receivable	572	5
Accounts payable and accruals	25	(243)
	597	(238)
Net cash (Outflow) from operating activities	**(457)**	**(584)**

13. Contingencies

The Group has an ongoing legal claim against Geo for Sales Pty Ltd by a former employee relating to termination payment. The value of the claim is not quantifiable at this time.

There were no other material contingent assets or contingent liabilities at 31 December 2019.

14. Events after reporting period

The following events occurred after 31 December 2019:

a) A further $623,000 of convertible loan was drawn down post reporting date.

b) On 1 January 2020, Geo appointed Scott Player as Chief Revenue Officer to lead Geo's sales and marketing team to drive revenue growth, planning and execution strategies.

c) On 10 February 2020, Geo appointed Tim Molloy as the Chief Executive Officer (CEO) to replace Kylie O'Reilly who resigned on the same date.

d) On 21 January 2020, Geo signed an agreement acknowledging New Zealand Markets Disciplinary Tribunal's (NZMDT) public censure, resulting in a determination that in NZX's view GEO did not comply with NZ IFRS and breached NZX Listing Rules 10.3.2, 10.4.2 and 10.5.1. The determination relates to company's decision not to impair its *Geo for Sales* unit until it announced its 2018 full year results in August 2018. While Geo have settled this matter with the NZDMT by agreeing to pay a financial penalty of $40,000 and NZX's costs of $30,000, it is to be noted that Geo has not admitted liability, and NZMDT has accepted this position

There were no other significant events after reporting date.