DownUnder GeoSolutions

DOWNUNDER GEOSOLUTIONS (AUSTRALIA) PTY LTD

ABN 99 169 944 334

Consolidated Annual Financial Report

30 JUNE 2018

Expressed in US dollars unless otherwise stated

CONTENTS

DIRECTORS	**MATTHEW GORDON LAMONT** **LOUISE ELIZABETH BOWER** **TROY THOMPSON** **CHARLES RAMSDEN (Non-Executive)** **FRANK SCIARRONE (Non-Executive)**
COUNTRY OF INCORPORATION	**AUSTRALIA**
COMPANY REGISTRATION NUMBER	**99 169 944 334**
LEGAL FORM	**PPOPRIETARY LIMITED COMPANY**
REGISTERED OFFICE	**76 KINGS PARK RD** **WEST PERTH WA 6005** **AUSTRALIA**
PRINCIPAL PLACE OF BUSINESS	**76 KINGS PARK RD** **WEST PERTH WA 6005** **AUSTRALIA**
AUDITORS	**MOORE STEPHENS WA** **LEVEL 15, EXCHANGE TOWER** **2 THE ESPLANADE** **PERTH WA 6000**

DIRECTORS' REPORT

The directors hereby present their report together with the consolidated financial statements of the Group comprising of DownUnder GeoSolutions (Australia) Pty Ltd (the **Company**), and its subsidiaries for the financial year ended 30 June 2018 and the auditor's report thereon. The use of the words Company and Group are interchangeable for the purposes of this report and the financial report.

1 Directors

The directors of the Company at any time during or since the end of the financial year are as follows:

Matthew Gordon Lamont

Louise Elizabeth Bower

Troy Thompson

Charles Ramsden

Frank Sciarrone

2 Principal activities

The principal activity of the Group during the course of the financial year continued to be that of the provision of geoscience services and software to the oil and gas industry.

There were no significant changes in the nature of the activity of the Group during the year.

3 Review of operations and results of those operations

The Group recorded loss before interest and tax of US$ 556,465 for the year ended 30 June 2018 (US$ 4,584,478 recorded earnings before interest and tax 30 June 2017)

The Group recorded a net loss after tax of $ 1,914,841 for the year ended 30 June 2018 (year ended 30 June 2017 net profit after tax of: $1,339,854).

No significant movement in total assets from last financial year (Increased by 4%).

Total liabilities increased by US$ 2,882,592 mostly due to additional borrowings to fund the investment in property, plant and equipment.

4 Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

5 Dividends

No dividends were declared after 30 June 2018 and up to the date of signing this report (year ended 30 June 2017: US$187,646).

6 Events subsequent to reporting date

There has arisen in the interval between the end of the financial year and the date of this report transactions and events of a material nature likely, in the opinion of the directors of the Group, to significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group, in future financial years.

7 Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

8 Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability for the year ended 30 June 2018. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability as such disclosure is prohibited under the terms of the contract.

9 Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not party to any proceedings during the financial year ended 30 June 2018.

10 Auditor's independence declaration

The Lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the financial year ended 30 June 2018.

Dated at Perth this 3rd October 2018.

Signed in accordance with a resolution of the directors.

Frank Sciarrone	**Louise Elizabeth Bower**
Director	***Director***

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of DownUnder GeoSolutions (Australia) Pty Ltd (the Company), the directors of the company declare that:

The financial statements and notes, as set out on pages 11 to 49, are in accordance with the *Corporations Act 2001* and:

a comply with Australian Accounting Standards, which, as stated in accounting policy Note 6 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

b give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 3rd October 2018.

Signed in accordance with a resolution of the directors.

Frank Sciarrone
Director

Louise Elizabeth Bower
Director

MOORE STEPHENS

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DOWNUNDER GEOSOLUTIONS (AUSTRALIA) PTY LTD

Opinion

We have audited the financial report of DownUnder GeoSolutions (Australia) Pty Ltd (the Company) and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of DownUnder GeoSolutions (Australia) Pty Ltd is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the period then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Responsibilities of the Directors 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 *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DOWNUNDER GEOSOLUTIONS (AUSTRALIA) PTY LTD (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our audit report.

Moore Stephens

SHAUN WILLIAMS
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 3rd day of October 2018.

MOORE STEPHENS

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF DOWNUNDER GEOSOLUTIONS (AUSTRALIA) PTY LTD AND ITS CONTROLLED ENTITIES
ABN 99 169 944 334

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

SHAUN WILLIAMS	MOORE STEPHENS
PARTNER	CHARTERED ACCOUNTANTS

Signed at Perth this 3RD day of October 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30-Jun 2018 US$	30-Jun 2017 US$
ASSETS			
Cash and cash equivalents	*13*	1,878,522	3,389,666
Trade and other receivables	*14*	8,845,048	8,906,786
Prepayments		1,017,846	664,430
Other current assets	*15*	3,951,795	2,313,003
Total current assets		**15,693,211**	**15,273,885**
Equity-accounted investees	*16*	-	4,459
Deferred tax assets	*12*	4,174,386	2,123,803
Property, plant and equipment	*17*	18,060,863	18,311,291
Intangible assets	*18*	559,536	1,128,576
Other assets	*19*	875,687	882,898
Total non-current assets		**23,670,471**	**22,451,026**
Total assets		**39,363,682**	**37,724,911**
LIABILITIES			
Trade and other payables	*20*	3,881,690	7,573,914
Loans and borrowings	*22*	4,633,227	4,121,884
Current tax liabilities		(122,712)	368,679
Provisions	*21*	1,583,026	1,430,534
Total current liabilities		**9,975,230**	**13,495,010**
Trade and other payables	*20*	2,156,292	806,442
Loans and borrowings	*22*	12,452,363	7,110,126
Provisions	*21*	190,580	146,831
Deferred tax liabilities	*12*	-	333,465
Total non-current liabilities		**14,799,235**	**8,396,864**
Total liabilities		**24,774,465**	**21,891,874**
Net assets		**14,589,217**	**15,833,037**
EQUITY			
Share capital	*23*	5,353,963	5,033,634
Reserves	*23*	(1,440,700)	(1,807,826)
Retained earnings		10,675,954	12,607,229
Total equity		**14,589,217**	**15,833,037**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements set out on pages 15 to 49.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	30-Jun 2018 US$	30-Jun 2017 US$
Sales revenue	*7*	**48,900,590**	**43,532,870**
Income/(Expenses)			
Depreciation and amortisation	*17&18*	(8,342,125)	(6,678,826)
Employee benefits	*11*	(28,880,613)	(21,196,980)
Other income	*9*	228,246	342,038
Other expense	*9*	(12,462,563)	(11,414,625)
Operating (loss)/profit		**(556,465)**	**4,584,478**
Finance income		48,749	55,965
Finance expense		(948,261)	(547,103)
Net finance expense	*8*	**(899,512)**	**(491,138)**
(Loss) / Profit before tax		(1,455,977)	4,093,340
Tax expense	*12*	(458,864)	(2,753,486)
(Loss) / Profit for the year		**(1,914,841)**	**1,339,854**
Total comprehensive (loss)/income		**(1,914,841)**	**1,339,854**

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 15 to 49.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

30-Jun-18	*Note*	Share capital US$	Translation reserve US$	Share based payment reserve US$	Retained earnings US$	Total equity US$
Balance at 1 July 2017		**5,033,634**	**(2,177,490)**	**369,664**	**12,607,229**	**15,833,037**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR						
Profit for the year		-	-	-	(1,914,841)	(1,914,841)
Foreign currency translation differences - net	*23*	-	-	-	-	-
Total comprehensive (expense)/income for the year		-	-	-	(1,914,841)	(1,914,841)
TRANSACTIONS WITH EQUITY HOLDERS						
Share issue during the year	*23*	320,329	-	-	-	320,329
Dividends paid	*24*	-	-	-	-	-
Change in control of subsidiary	23	-	220	-	(42,286)	(42,066)
Share based payments recognised	*23*	-	-	366,906	25,852	392,758
Total transactions with equity holders		320,329	220	366,906	(16,434)	671,021
Balance at 30 June 2018		**5,353,963**	**(2,177,270)**	**736,570**	**10,675,954**	**14,589,217**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements set out on pages 15 to 49.

DOWNUNDER GEOSOLUTIONS (AUSTRALIA) PTY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

30-Jun-17	*Note*	Share capital US$	Translation reserve US$	Share based payment US$	Retained earnings US$	Total equity US$
Balance at 1 July 2016		**4,678,984**	**(2,177,490)**	**530,223**	**11,133,970**	**14,165,687**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR						
Profit for the year		-	-	-	1,339,854	1,339,854
Foreign currency translation differences - net	*23*	-	-	-	-	-
Total comprehensive (expense)/income for the year		-	-		1,339,854	1,339,854
TRANSACTIONS WITH EQUITY HOLDERS						
Share issue during the year	*23*	354,650	-	-	-	354,650
Dividends paid	*24*	-	-	-	(187,646)	(187,646)
Options excercised during the year	*23*	-	-	(321,051)	321,051	-
Utilisation of dividend to repay loan	23		-	26,296	-	26,296
Share based payments recognised	*23*	-	-	134,195	-	134,195
Total transactions with equity holders		354,650	-	(160,560)	133,405	327,495
Balance at 30 June 2017		**5,033,634**	**(2,177,490)**	**369,663**	**12,607,229**	**15,833,037**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements set out on pages 15 to 49.

DOWNUNDER GEOSOLUTIONS (AUSTRALIA) PTY LTD

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 June 2018

	30-Jun 2018 US$	30-Jun 2017 US$
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit after tax	(1,914,841)	1,339,854
Adjustments for:		
- Depreciation	7,687,607	5,986,920
- Amortisation	654,518	691,906
- Net finance expense	899,512	491,138
- Tax expense	458,864	2,753,486
- Unrealised foreign exchane profit	(228,246)	-
- Disposal of property, plant and equipment: (gain)/loss	10,875	(308)
- Equity-settled share-based payment transactions	664,773	134,195
- Research & development grant	(2,934,584)	(2,392,362)
	5,298,478	9,004,829
Changes in:		
- Trade and other receivables	61,738	(2,459,318)
- Prepayments	(353,416)	230,561
- Other current assets	(1,638,792)	272,149
- Other assets	7,211	(59,083)
- Trade and other payables	(2,342,374)	4,411,008
- Provisions	196,241	442,174
Cash generated from operating activities	**1,229,085**	**11,842,320**
Tax credit / (paid)	(128,879)	(687,880)
Net cash from operating activities	**1,100,206**	**11,154,440**
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,482,811)	(12,779,789)
Acquisition of intangible assets	(85,479)	(202,772)
Investment in related parties	-	5,881
Interest received	48,749	55,965
Proceeds from disposal of property, plant and equipment		308
Net cash used in investing activities	**(7,519,541)**	**(12,920,407)**
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	2,871	354,650
Proceeds from borrowings	6,817,000	3,900,000
Repayment of borrowings	(963,420)	(4,752,834)
Interest paid	(948,260)	(547,103)
Dividend paid	-	(161,348)
Net cash from financing activities	**4,908,191**	**(1,206,635)**
Net increase in cash and cash equivalents	(1,511,144)	(2,972,602)
Cash and cash equivalents at the beginning of the period	3,389,666	6,362,268
Cash and cash equivalents at end of the period	**1,878,522**	**3,389,666**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 15 to 49.

1. REPORTING ENTITY

The consolidated financial statements of Downunder Geosolutions (Australia) Pty Ltd as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is comprised of for-profit entities. The principal activity of the Company during the course of the financial year was the provision of geoscience services and software to the oil and gas industry. There were no significant changes in the nature of the activity during the financial year

2. BASIS OF ACCOUNTING

These general purpose financial statements have been prepared in accordance with the Corporation Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below in Note 6 and have been consistently applied unless stated otherwise.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  AASB 9 will not have an impact on the Group's financial instruments, including hedging activity, as it does not have this activity.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018 as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  Based on an assessment performed over each line of business, the effects of IFRS 15 are not expected to have a material impact on the Company.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
    - depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The standard will affect the accounting for the Company's Lease Rights which are currently accounted for as operating leases. As at the reporting date, the Company has operating lease commitments of $15.8 million (Note 27). The Company is currently assessing the full impact of the standard, but expects that the impact on its assets, liabilities and equity will be material. The impact on the net profit after tax will depend on a number of factors still under consideration. The Company expects to be able to provide a reasonable estimate of such impact in its next annual financial report.

3. FUNCTIONAL AND PRESENTATION CURRENCY

IAS 21 *The Effects of Changes in Foreign Exchange Rates paras 9* describes the functional currency as *"the primary economic environment in which an entity operates"*. The company's determined that the functional currency is US$ because the majority of revenues being transacted are in US$ *(Para 9(a)(i) – "the currency that mainly influences sales prices")* and that principal sources of finance have been refinanced to US$ *(Para 10(a) – "the currency in which funds from financing activities")*

The consolidated financial statements are presented in United States dollars, which is the parent entity's functional and presentation currency.

4. BASIS OF MEASUREMENT

The consolidated financial statements, except for cashflow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the consolidated financial statements have been rounded to the nearest dollar.

5. USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the current circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 6(c) – revenue
- Note 6(e) – income tax
- Note 6(g) – property, plant and equipment
- Note 6(i) – financial instruments
- Note 6(o) – provisions

6. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, where material, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that re measured based on historical cost in a foreign currency are not translated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US$ at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to United States dollars at the approximate average exchange rate for the month.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve.

(c) Revenue

Revenue is recognised when persuasive evidence, usually in the form of an executed sales agreement, exists and it is probable that the economic benefits that will flow to the Company can be determined with reasonable accuracy and collectability is reasonably assured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Service revenue

Revenue from the rendering of services is recognised by reference to the stage of completion. The stage of completion is measured by reference to percentage complete as a percentage of total estimated project value for each contract.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Software

Revenue from the sale of software is recognised for the entire licence fee when the annual licence is sold or renewed.

(iii) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of the asset and are credited to profit and loss over the expected lives of the related assets.

(iv) Management fees

Management fees from performing various technical services on behalf of the Associates.

(v) Interest income

Revenue is recognised when the Company's right to receive payment is established.

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans / Pension obligations

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial periods. Such contributions are recognised as an expense in the period in which the related service is performed. As required by law, companies in Australia make such contributions to the Superannuation Fund (**SUPER**).

(iii) Loan funded share plan

The loan funded share plan allows certain employees to acquire shares in DownUnder GeoSolutions (Australia) Pty Ltd. The grant date fair value of the shares issued is recognised as an employee share based payment in the profit and loss with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is measured using a Black-Scholes pricing model, taking into account the terms and conditions upon which the shares were granted. Employees have been granted a limited recourse ten-year loan to acquire the shares. The loan has not been recognised as the Company only has recourse to the value of the shares.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group
- is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

The Company and its wholly owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is DownUnder GeoSolutions (Australia) Pty Ltd.

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and service tax except:

- where the amount of GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the amount of GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable, or payable, to the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost is the fair value of consideration given to acquire the assets at the time of its acquisition.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit and loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their residual values over their estimated useful lives, and is generally recognised in profit and loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Computer equipment 3 to 4 years
- Plant and equipment 3 to 4 years
- Motor vehicles 4 years
- Leasehold improvements period of lease

(h) Intangible assets

Intangible assets acquired separately are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

(i) Research and development

Research and development costs related to software are expensed as incurred.

Development costs related to multi-client studies are capitalised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how that asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of income generated from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

(ii) Other intangible assets

Other intangible assets acquired separately are measured at cost. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of other intangible assets are assessed to be either finite or infinite. Other intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for other intangible assets with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on other intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit and loss as incurred.

(iv) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful life of the asset.

The estimated useful lives for current and comparative periods are as follows:

- Multi-client studies — 5 years
- Software — 2.5 to 4 years
- Website — 2.5 to 4 years
- Trademarks — 10 years

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

(i) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie: trade date accounting is adopted).

Financial instruments are initially measured at fair value plus or minus transaction costs, except where the instrument is classified "at fair value through profit or loss" (**FVTPL**), in which case transaction costs are recognised as expenses in profit or loss immediately.

(ii) Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or amortised cost.

The price used to measure the fair value of financial assets and liabilities may be directly observable, as in an active market with quoted prices, or may be determined using valuation techniques if no active market exists.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis.

The Group determines the classification of its financial instruments at initial recognition, and the categories include financial assets at FVTPL, held-to-maturity investments, loans and receivables, available for sale investments and financial liabilities.

(a) Financial assets at fair value through profit or loss

Financial assets are classified at FVTPL when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using effective interest method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using effective interest mehtod. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(d) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within twelve months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(e) Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(f) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Offset

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment of financial instruments

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers and issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

(ii) *Financial assets measured a amortised cost*

The Group considers evidence of impairment for financial assets measured at both a specific asset and a collective level. All individually significant assets are assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(iii) Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying value. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iv) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment.

Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other asserts of cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Finance costs

Finance costs are generally expensed as incurred except where they relate to the financing of assets requiring a substantial period of time to prepare for their intended future use.

(l) Trade and other receivables

Receivables which generally have 30 day terms are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the entity may not be able to collect the debt. Bad debts are written off as incurred.

(m) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) 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.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate if interest on the remaining balance of the liability. Finance charges are charged directly against income.

(i) Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate if interest on the remaining balance of the liability. Finance charges are charged directly against income.

(ii) Operating leases

Operating leases are not capitalised and rental payments are included in the profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised in the profit or loss as integral part of the total lease expense.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the of the obligation.

When the Group expects all or some of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current interest rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Determination of fair values

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

7. SALES REVENUE

	30-Jun 2018 US$	30-Jun 2017 US$
Services	35,132,175	37,535,935
Software	4,499,235	3,604,574
Technology	6,334,596	-
Government grants	2,934,584	2,392,362
Sales Revenue	**48,900,590**	**43,532,870**

8. FINANCE INCOME/(EXPENSE)

	30-Jun 2018 US$	30-Jun 2017 US$
Interest income	48,749	55,965
Finance income	**48,749**	**55,965**
Interest expense	(862,231)	(338,788)
Hire purchase	-	(74,205)
Debt Arrangement fees	(86,030)	(134,109)
Finance expense	**(948,261)**	**(547,103)**
Finance expense - net	**(899,512)**	**(491,138)**

9. OTHER INCOME/(EXPENSE)

	30-Jun 2018 US$	30-Jun 2017 US$
Profit on disposal of property, plant and equipment		308
Unrealised foreign exchange profit - net	228,246	341,730
Other income	**228,246**	**342,038**
Advertising	(1,000,835)	(936,522)
Facilities	(5,353,886)	(3,515,268)
Consulting	(931,160)	(764,582)
Management fees paid	-	(128,941)
Loss on disposal of property, plant and equipment	(10,875)	-
Equity accounted associates	-	(5,881)
Realised foreign exchange loss - net	(135,868)	(294,903)
Other	(5,029,939)	(5,768,528)
Other expense	**(12,462,563)**	**(11,414,625)**

10. AUDITOR'S REMUNERATION

	30-Jun 2018 US$	30-Jun 2017 US$
Audit and review services		
Auditors of the Group – Moore Stephens		
Audit and review of financial statements	155,504	119,189

11. EMPLOYEE BENEFITS

	30-Jun 2018 US$	30-Jun 2017 US$
Salaries and fees	23,468,238	17,810,065
Superannuation	1,745,496	1,353,807
Payroll tax	1,422,509	1,067,260
Other benefits	1,579,597	831,653
Share based payments	664,773	134,195
	28,880,613	21,196,980

12. INCOME TAXES

(a) Amounts recognised in consolidated profit or loss and other comprehensive income

	30-Jun 2018 US$	30-Jun 2017 US$
Current tax expense		
Current year	2,384,975	2,266,141
Withholding tax	143,076	(20,423)
Adjustment for prior years	(417,886)	(162,297)
Total current tax expense	2,110,165.01	2,083,421
Deferred Tax		
Current year	(1,169,254)	-
Adjustment for prior years	(482,047)	670,065
Tax expense	458,864	2,753,486

(b) Numerical reconciliation of tax expense

	30-Jun 2018 US$	30-Jun 2017 US$
(Loss)/Profit before tax	**(1,455,977)**	**4,093,340**
Tax using the Company's domestic tax rate of 30%	(436,793)	1,228,002
Effect of tax rates in foreign jurisdictions	841,414	370,899
Change in tax rates	128,001	4,238
Exempt foreign income	-	(51,655)
Research and development	(880,375)	(717,709)
Capital allowances	20,173	61,347
Non-deductible expenses	(263,215)	21,176
Pioneer status income not subject to tax	(2,165,835)	(668,990)
Non-temporary differences	2,526,355	2,208,270
Temporary differences	(249,742)	(170,759)
Prior year adjustments	(902,272)	(186,951)
Tax losses not recognised	1,698,077	686,608
Withholding tax	143,076	(30,990)
Tax expense	**458,864**	**2,753,486**

(c) Amounts recognised in consolidated statement of financial position

	30-Jun 2018 US$	30-Jun 2017 US$
Deferred tax asset	4,174,386	2,123,803
Deferred tax liability	-	(333,465)
	4,174,386	1,790,338

(d) Movement in temporary differences during the year ended 30 June 2018:

	Balance 1-Jul-17 US$	Recognised in Income US$	Recognised in OCI US$	Balance 30-Jun-18 US$
Borrowings	27,057	-	-	27,057
Other current assets	24,450	186,370	-	210,820
Property, plant and equipment	(861,822)	(108,970)	-	(970,792)
Cash and cash equivalents	(1,375)	(18,920)	-	(20,295)
Trade and other receivables	(27,520)	28,672	-	1,152
Prepayments	(677)	677	-	-
Trade and other payables	40,251	39,684	-	79,935
Provisions	473,210	58,872	-	532,082
Tax losses carried forward	2,471,738	3,734,667	-	6,206,405
Deferred tax (assets)/liabilities not recognised	(354,974)	(1,537,004)		(1,891,978)
	1,790,338	2,384,048	-	4,174,386

(e) Movement in temporary differences during the year ended 30 June 2017:

	Balance 1-Jul-16 US$	Recognised in Income US$	Recognised in OCI US$	Balance 30-Jun-17 US$
Borrowings	27,057	-	-	27,057
Other current assets	3,012	21,438	-	24,450
Property, plant and equipment	(665,574)	(196,248)	-	(861,822)
Cash and cash equivalents	15,628	(17,003)	-	(1,375)
Trade and other receivables	23,099	(50,619)	-	(27,520)
Prepayments	83,633	(84,310)	-	(677)
Trade and other payables	150,914	(110,663)	-	40,251
Provisions	340,545	132,665	-	473,210
Tax losses carried forward	1,458,797	1,012,941	-	2,471,738
Deferred tax (assets)/liabilities not recognised	-	(354,974)		(354,974)
	1,437,111	353,227	-	1,790,338

13. CASH AND CASH EQUIVALENTS

	30-Jun 2018 US$	30-Jun 2017 US$
Cash at bank and on hand	2,254,754	3,431,842
Deposits	-	-
Cash and cash equivalents in the statement of financial position	**2,254,754**	**3,431,842**
Bank overdrafts	(376,232)	(42,176)
Cash and cash equivalents in the statement of cashflows	**1,878,522**	**3,389,666**

A secured bank overdraft facility of AUD$1,000,000 is currently in place, with an applicable floating charge rate based on an overdraft index rate plus a margin.

14. TRADE AND OTHER RECEIVABLES

	30-Jun 2018 US$	30-Jun 2017 US$
Current asset		
Trade receivables	8,760,945	8,637,562
Allowance for doubtful trade receivables	-	(20,000)
Trade receivables - net	**8,760,945**	**8,617,562**
Indirect taxes receivable	84,103	280,703
Other receivables	-	8,520
Current trade and other receivables	**8,845,048**	**8,906,786**

Credit terms for trade receivables average 30 days

15. OTHER CURRENT ASSETS

	30-Jun 2018 US$	30-Jun 2017 US$
Work in progress	2,803,412	1,377,830
Bonds and security deposits	1,148,383	904,106
Sundry	-	31,066
	3,951,795	2,313,003

16. EQUITY-ACCOUNTED INVESTEES

	30-Jun 2018 US$	30-Jun 2017 US$
Opening interests is associates	4,459	10,340
Equity accounted profit and loss	(4,495)	(5,881)
Closing Interests in associates[(a)]	**-**	**4,459**

(a) Associates

The Group has interests in the following associates:

	30-Jun 2018	30-Jun 2017
DownUnder Geosolutions (Malaysia) Sdn. Bhd.	**-**	**49%**
Rouge Rock Pty Ltd	**49%**	**49%**

17. PROPERTY, PLANT & EQUIPMENT

	Computer equipment US$	Leasehold improvements US$	Plant and equipment US$	Motor Vehicles US$	Under construction US$	Total US$
Cost						
Balance at 1 July 2016	22,639,857	4,521,164	983,299	120,061	-	28,264,381
Additions	8,240,692	768,262	197,094	-	4,298,488	13,504,535
Transfer between group	-	-	-	-	-	-
Reclassification	1,190,191	(1,748,905)	6,743	-	-	(551,971)
Disposals	(3,126,911)	(186,699)	(185,860)	-	-	(3,499,470)
Balance at 30 June 2017	**28,943,829**	**3,353,822**	**1,001,276**	**120,061**	**4,298,488**	**37,717,476**
Balance at 1 July 2017	28,943,829	3,353,822	1,001,276	120,061	4,298,488	37,717,476
Additions	4,730,301	2,125,583	561,789	-	65,138	7,482,811
Transfer between group	33,472	-	10,282	-		43,754
Reclassification	4,189,590	71,342	28,295	-	(4,289,227)	-
Disposals	(114,020)	(634,973)	(29,708)	-		(778,701)
Balance at 30 June 2018	**37,783,172**	**4,915,774**	**1,571,934**	**120,061**	**74,399**	**44,465,340**
Accumulated depreciation						
Balance at 1 July 2016	14,778,712	1,328,614	593,610	45,023	-	16,745,959
Depreciation	5,302,302	457,453	197,150	30,015	-	5,986,920
Reclassification	(278,380)	(280,313)	6,723	-	-	(551,971)
Disposals	(2,426,362)	(171,962)	(176,401)	-	-	(2,774,724)
Balance at 30 June 2017	17,376,272	1,333,792	621,082	75,038	-	19,406,184
Balance at 1 July 2017	17,376,272	1,333,792	621,082	75,038	-	19,406,184
Depreciation	6,834,194	504,185	319,213	30,015	-	7,687,607
Transfer between group	22,840	-	10,282	-	-	33,122
Disposals	(61,477)	(634,969)	(25,991)	-	-	(722,437)
Balance at 30 June 2018	**24,171,829**	**1,203,008**	**924,586**	**105,053**	**-**	**26,404,476**
Carrying amounts						
At 30 June 2017	11,567,556	2,020,030	380,194	45,023	4,298,488	18,311,291
At 30 June 2018	**13,611,343**	**3,712,766**	**647,348**	**15,008**	**74,399**	**18,060,863**

18. INTANGIBLE ASSETS

	Multi-Client studies US$	Website US$	Software US$	Patents and Trade marks US$	Total US$
Cost					
Balance at 1 July 2016	2,295,002	67,041	116,335	1,131,025	3,609,403
Acquisitions	-	556	-	206,395	206,951
Disposals	-	(62,405)	(60,073)	(2,505)	(124,983)
Balance at 30 June 2017	2,295,002	5,192	56,262	1,334,915	3,691,371
Balance at 1 July 2017	2,295,002	5,192	56,262	1,334,915	3,691,371
Acquisitions	-	-	35,001	50,478	85,479
Balance at 30 June 2018	**2,295,002**	**5,192**	**91,263**	**1,385,393**	**3,776,850**
Accumulated amortisation					
Balance at 1 July 2016	1,431,383	67,041	115,216	378,052	1,991,692
Amortisation	459,132	-	-	232,775	691,906
Disposals	-	(61,849)	(58,955)	-	(120,804)
Balance at 30 June 2017	1,890,515	5,192	56,262	610,827	2,562,796
Balance at 1 July 2017	1,890,515	5,192	56,262	610,827	2,562,796
Amortisation	404,487	-	12,833	237,198	654,518
Balance at 30 June 2018	**2,295,002**	**5,192**	**69,095**	**848,025**	**3,217,314**
Carrying amounts					
At 30 June 2017	404,487	-	-	724,088	1,128,576
At 30 June 2018	**-**	**-**	**22,168**	**537,368**	**559,536**

The Group generates a revenue stream from multi-client studies, which are available for sale. Development costs of the multi-client assets to-date have been capitalised and are being amortised over a period of 5 years.

19. OTHER ASSETS

	30-Jun 2018 US$	30-Jun 2017 US$
Loans	875,687	880,291
Receivable from equity accounted investee	-	2,607
	875,687	**882,898**

20. TRADE AND OTHER PAYABLES

	30-Jun 2018 US$	30-Jun 2017 US$
Current liabilities		
Trade payables	2,244,688	5,628,107
Accruals	1,056,366	1,297,441
Goods and services tax payable	-	129,095
Other	580,636	519,271
Current trade and other payables	**3,881,690**	**7,573,914**
Non-current liabilities		
Deferred rent	2,156,292	806,442
Non-current trade and other payables	**2,156,292**	**806,442**

(1) The normal trade credit terms granted by trade creditors to the Company are 30 days.

21. PROVISIONS

	30-Jun 2018 US$	30-Jun 2017 US$
Current liability		
Provision for annual leave	1,168,311	1,029,659
Provision for long service leave	414,715	400,875
	1,583,026	**1,430,534**
Non-current liability		
Provision for long service leave	190,580	146,831
	190,580	**146,831**
Reconciliation of movements in provisions:		
Provision for annual leave		
Balance at beginning of year	1,029,659	704,874
Provision movement during the financial year	138,652	324,785
Balance at yer end	**1,168,311**	**1,029,659**
Provision for long service leave		
Balance at beginning of year	547,706	430,317
Provision movement during the financial year	57,589	117,389
Balance at year end	**605,295**	**547,706**

22. LOANS AND BORROWINGS

30-Jun-18	Bank loan (i) US$	Premium Funding (iii) US$	Promissory Note (iii) US$	Total US$
Carrying Value	**11,683,940**	**-**	**5,401,650**	**17,085,590**
Current	2,105,003	-	2,528,224	4,633,227
Non-current	9,578,937	-	2,873,426	12,452,363
	11,683,940	**-**	**5,401,650**	**17,085,590**

30-Jun-17	Bank loan (i) US$	Premium Funding (iii) US$	Promissory Note (iii) US$	Total US$
Carrying Value	**7,422,198**	**12,410**	**3,797,402**	**11,232,010**
Current	2,853,332	12,410	1,256,142	**4,121,884**
Non-current	4,568,866	-	2,541,260	**7,110,126**
	7,422,198	**12,410**	**3,797,402**	**11,232,010**

(i) The following facilities are currently in place:

(a) Revolving facility of US$6,000,000 (2017 – US$6,000,000):

This facility is comprised of two sub facilities covering working capital and growth capex. Interest is calculated as LIBOR plus a margin.

(b) Term debt facilities of US$ 14,700,000 (2017 - US$11,000,000):

These facilities are key refinancing facilities comprised of three term debt components. Interest is calculated as LIBOR plus a margin.

The Group has provided the following security in relation to the bank facilities:

(i) A first ranking general security to CBA (Commonwealth Bank of Australia) over all present and future rights, property and undertakings;

(ii) General security deed and working capital guarantee recourse deed with EFIC (Export Finance Insurance Corporation) in Australia to partially guarantee facilities provided by CBA.

(iii) There is a fixed charge on all freehold, leasehold, book debts and other assets of the Group, in respect of a bank loan drawdown. The bank also has a floating charge over all the assets of the Group.

Covenants are imposed by the bank on a quarterly basis and include:

(a) A gross leverage ratio based on financial indebtedness divided by Group EBITDA; and

(b) A debt service coverage ratio of after debt cashflows as a proportion of debt servicing

The weighted average effective interest rate on the bank loans is 4.98% per annum (2017: 4.61%).

(ii) The premium funding loan was taken out to cover the payment of premiums due under the funded policies.

(iii) Promissory note is due to Wells Fargo Equipment finance Inc and is secured by the underlying computer equipment in DownUnder GeoSolutions (America) LLC. Intel Corporation have also provided a guarantee to Wells Fargo through a recourse agreement. The carrying value of promissory notes is shown net of deferred finance charges of US$192,505 (June 30, 2017 – US$ 214,432).

23. CAPITAL AND RESERVES

(a) Share Capital

Share capital comprises ordinary shares. The holders of these shares are entitled to receive dividends as declared from time to time.

	30-Jun-18		30-Jun-17	
	No.	US$	No.	US$
Fully paid up shares				
Balance at beginning of year	53,972,960	5,033,634	53,092,692	4,678,984
Issued and fully paid shares(1)	333,392	317,458	40,268	44,700
Paid up under loan funded share plan (2)	4,525	2,871	-	-
Options excercised	-	-	840,000	309,950
Balance at end of year	**54,310,877**	**5,353,963**	**53,972,960**	**5,033,634**
Issued under loan funded share plan				
Balance at beginning of year	7,783,521	-	6,755,470	-
Vesting conditions not met (4)	(205,964)	-	-	-
Paid up under loan funded share plan (2)	(4,525)	-	-	-
Issued during the year (3)	666,433	-	1,028,051	-
Balance at end of year	**8,239,465**	**-**	**7,783,521**	**-**
Total shares issued	**62,550,342**	**5,353,963**	**61,756,481**	**5,033,634**

(1) 48,000 (FY17 – 40,268) fully paid ordinary shares were issued to the non-executive directors, as payment for services rendered and 285,392 (FY17 – Nil) fully paid shares were issued to new employees.

(2) 4,525 (2017 - Nil) shares were paid up under the Loan Funded Share Plan.

(3) The Company offers key employees the opportunity to acquire shares in DownUnder GeoSolutions (Australia) Pty Ltd under a Loan Funded Share Plan (LFSP). During the year, the total number of shares taken up were 666,433 (2017: 1,028,051). The shares are purchased with the assistance of a limited recourse loan for a term of ten years. Any dividends payable in respect of these shares are repayable against the loan, until the loan is fully repaid. The balance of the recourse loan at 30 June 2018 is $6,929,882 (2017: $6,399,152)

The fair value of the shares granted under the LFSP was measured using the Black-Scholes method. Expected volatility is estimated by considering historic average share price volatility.

(4) During the year, 69% of shares under the 2014 Loan Funded Share Plan vested.

(b) Reserves

	30-Jun 2018 US$	30-Jun 2017 US$
Share based payments reserve[1]	736,570	369,664
Translation reserve[2]	(2,177,270)	(2,177,490)
	(1,440,700)	(1,807,826)
Reconciliation of movement in reserves:		
Share based payments reserve		
Balance at beginning of year	369,664	530,223
Utilisation of dividend to repay loan funded share plan debt	-	26,297
Share based payments recognised	366,906	134,195
Options excercised	-	(321,051)
Balance at end of year	**736,570**	**369,664**

	30-Jun 2018 US$	30-Jun 2017 US$
Translation reserve		
Balance at beginning of year	(2,177,490)	(2,177,490)
Change in control of subsidiary	220	-
Effect of translation of foreign currency operations to Group presentation	-	-
Balance at end of year	(2,177,270)	(2,177,490)

(1) The share based payment reserve comprises expenses incurred from the issue of Company's options and shares under the employee loan funded share plan.

(2) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group where the functional currencies are different to the presentation currency for reporting purposes, including the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

24. DIVIDENDS PAID

	30-Jun 2018 US$	30-Jun 2017 US$
Distributions paid:		
Declared and paid unfranked ordinary dividend	-	(187,646)

25. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) Financial risk management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and leases.

The total for each category of the financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement,* as detailed in the accounting policies to these financial statements, are as follows:

	30-Jun 2018 US$	30-Jun 2017 US$
Financial assets		
Cash and cash equivalents	1,878,522	3,389,666
Trade and other receivables	8,845,048	8,906,786
	10,723,570	**12,296,452**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	(3,881,690)	(7,573,914)
Loans and borrowings	(17,085,590)	(11,232,010)
	(20,967,280)	**(18,805,924)**

(b) Financial risk management policies

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management is reviewed by the Board of Directors (the **Board**) on a regular basis. This includes the credit risk and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Company does not have any derivative instruments at 30 June 2018.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

(c) Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(i) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the date of invoice.

Risk is also minimised through investing surplus funds into financial institutions that maintain a high credit rating.

The Group trades with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis, with the result that the Group's bad debt exposure is not significant.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties.

30-Jun-18	Carrying amount	Past due and impaired	< 30 days	31-60 days	61-90 days	> 90 days	Within trade terms
	US$	US$	US$	US$	US$	US$	US$
Trade and term receivables	8,760,945	-	3,354,743	1,206,091	680,835	1,224,823	2,294,453
Other receivables	84,103						84,103
	8,845,048	-	3,354,743	1,206,091	680,835	1,224,823	2,378,556

30-Jun-17	Carrying amount	Past due and impaired	< 30 days	31-60 days	61-90 days	> 90 days	Within trade terms
	US$	US$	US$	US$	US$	US$	US$
Trade and term receivables	8,617,563	(20,000)	2,810,577	96,265	1,806,791	296,420	3,627,509
Other receivables	289,224						289,224
	8,906,786	(20,000)	2,810,577	96,265	1,806,791	296,420	3,916,733

(ii) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities.

Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities.

30-Jun-18	Carrying amount	Contractual cash outflows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	US$	US$	US$	US$	US$	US$	US$
Bank loans	11,683,940	11,683,940	1,711,289	1,975,896	1,138,460	6,451,359	406,936
Promissory note	5,401,650	5,401,650	1,194,188	1,216,656	2,387,776	603,030	-
Trade and other payables	3,881,690	3,881,690	3,660,478	221,212	-	-	-
	20,967,280	20,967,280	6,565,955	3,413,764	3,526,236	7,054,389	406,936

30-Jun-17	Carrying amount	Contractual cash outflows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	US$	US$	US$	US$	US$	US$	US$
Bank loans	7,422,198	7,422,198	1,436,666	1,416,666	1,396,670	2,750,000	422196.4
Premium funding	12,410	12,410	12,410	-	-	-	-
Promissory note	3,797,402	3,797,402	622,271	633,871	2,541,259	-	-
Trade and other payables	7,573,914	7,573,914	7,503,035	70,879	-	-	-
	18,805,924	18,805,924	9,574,382	2,121,417	3,937,929	2,750,000	422,196

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts (refer to Note 24 for further details).

(iii) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Group to interest rate risk are limited to borrowings, and cash and cash equivalents.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	30-Jun 2018 US$	30-Jun 2017 US$
Impact on profit		
2% increase in interest rates	(209,871)	(194,680)
2% decrease in interest rates	209,871	194,680

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

The Group also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(d) Capital management

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issued.

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

There have been no changes in the strategy adopted by management to manage the capital of the Company.

26. KEY MANAGEMENT PERSONNEL COMPENSATION

The total of remuneration paid to key management personnel of the Group during the year is as follows:

	30-Jun 2018 US$	30-Jun 2017 US$
Key management personnel compensation	1,326,170	1,466,655

No remuneration was paid by the parent entity to key management personnel.

There are no other key management compensation transactions for the year ended 30 June 2018 or 30 June 2017.

27. COMMITMENTS

	30-Jun 2018 US$	30-Jun 2017 US$
Operating lease commitments		
Non-cancellable operating lease rentals		
Within one year	2,622,584	1,696,394
One year or later and no later than five years	8,221,327	7,618,116
Later than five years	4,971,386	6,317,736
	15,815,297	**15,632,246**
Capital expenditure commitments		
Contracted but not provided for and payable		
Within one year	-	5,247,070
	-	**5,247,070**

Operating lease rentals relate to premises. Capital expenditure relates to office fit-outs and compute.

28. CONSOLIDATED ENTITIES

		Ownership interest	
Name of entity	Country of incorporation	30-Jun 2018 %	30-Jun 2017 %
Parent entity:			
DownUnder GeoSolutions (Australia) Pty Ltd	Australia		
Subsidiaries:			
DownUnder GeoSolutions Pty Ltd	Australia	100%	100%
DownUnder GeoSolutions (UK) Ltd	United Kingdom	100%	100%
DownUnder GeoSolutions (London) Pty Ltd	United Kingdom	100%	100%
DownUnder GeoSolutions (America) LLC	USA	100%	100%
Dugeo (M) Sdn Bhd	Malaysia	100%	100%
DownUnder GeoSolutions (Asia) Sdn Bhd	Malaysia	100%	100%
DownUnder GeoSolutions (Malaysia) Sdn Bhd	Malaysia	49%	-

29. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was DownUnder GeoSolutions (Australia) Pty Ltd.

	30-Jun 2018 US$	30-Jun 2017 US$
Results of parent entity:		
Profit/(loss) for the year	(917,979)	(97,504)
Other comprehensive income/(expense)	-	-
Total comprehensive expense for the year	**(917,979)**	**(97,504)**
Financial position of parent entity at year end:		
Current assets	2,467	313,325
Total assets	4,135,463	4,081,600
Current liabilities	7,574	(266,328)
Total liabilities	7,574	(266,328)
Total equity of parent entity comprising of:		
Share capital	5,353,963	5,033,634
Reserves	(343,509)	(699,267)
Retained earnings	(867,417)	13,561
Total equity	**4,143,037**	**4,347,928**

(a) Parent entity contingent liabilities

There were no contingent liabilities of the parent entity as at 30 June 2018 and as at 30 June 2017.

(b) Parent entity capital commitments for acquisition of property, plant and equipment

There were no capital commitments of the parent entity as at 30 June 2018 and as at 30 June 2017.

30. FAIR VALUE MEASUREMENTS

The Group does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

31. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2018 (30 June 2017: None)

32. SUBSEQUENT EVENTS

On the 15th August 2018 , DownUnder GeoSolutions (America) LLC entered into a long term lease agreement at a purpose built data centre to enable the group to expand its seismic processing and imaging business and bring new product lines such as a cloud offering to the oil and gas industry.

On the 25th September 2018, DownUnder GeoSolutions (Australia) Pty Ltd accepted an offer from CBA to increase its borrowing facilities from USD 20.7m to USD 24.8m. This provides the group with USD 13.5m in undrawn facilities to fund the new data centre. USD 7.0m is subject to annual review and USD 17.8m is interest only with a bullet repayment upon maturity being 3 years from financial close .