ASX PRELIMINARY FINAL REPORT

SenSen Networks Limited

(Formerly Orpheus Energy Limited)

And Controlled Entities

ABN 67 121 257 412

30 June 2018

Lodged with the ASX under Listing Rule 4.3A

Contents

This report covers the consolidated entity consisting of SenSen Networks Limited and its controlled entities. The preliminary financial report is presented in Australian dollars.

SenSen Networks Limited
Year ended 30 June 2018

Details of the reporting period

Current period: **12 months ending 30 June 2018 (FY18)**

Prior period: **12 months ending 30 June 2017 (FY17)**

RESULTS FOR ANNOUNCEMENT TO MARKET

		2018	2017
Revenue from ordinary activities	Up 96% to	4,049,910	2,065,570
Profit/ (Loss) from after tax attributable to members	Up 692% to	(9,220,416)	(1,163,673)
Total comprehensive income for the year attributable to owners	Up 690% to	(9,193,047)	(1,163,673

Dividends

There were no dividends paid or proposed for the period. The Group does not have a dividend re-investment plan.

Commentary on the results for FY18

Growing demand for our services was demonstrated in our strong results for the 2018 financial year, in which we achieved record revenue, growing by close to 100% year-on-year to more than $4 million.

SenSen grew in FY18 through a combination of both new client contracts and existing recurring revenue from customers in Australia and overseas, with the biggest relative contribution occurring in the June quarter. Major contract wins over the financial year included City of Calgary, Canada ($1.2 million), Crown Casino, Melbourne ($1.0 million), City of Edmonton, Canada ($552k), Brisbane City Council ($348k), Changi Airport, Singapore ($226k), and NSW Roads & Maritime Services ($229k).

On 12 April 2017, the Company entered into a Share Purchase Agreement with all of the shareholders of SenSen Networks Pty Ltd ("SenSen"). The Company acquired 100% of SenSen by the purchase of all the shares in SenSen from the shareholders of SenSen, in exchange for the issue of shares in the Company. On 1 September 2017, a Prospectus was issued for the offer of 15,000,000 New Shares to eligible Company shareholders under a Share Purchase Plan, up to 50,000,000 New Shares to eligible investors under a General Offer, and 273,764,706 Consideration Shares to the Vendors in consideration for the acquisition of all of the shares in SenSen. Subsequently, a supplementary prospectus was issued on 14 September 2017 and 25 September 2017. This transaction resulted in a number of large notional accounting charges which inflated the company's result as outlined below.

The Group's net loss after tax increased to $9,220,416 from $1,163,673 in 2017. However, this loss includes a notional corporate restructure expense of $5,229,773 (non-cash expense), non-cash share-based payment expense of $2,019,099 and one-off transaction costs of the reverse takeover of $886,076.

Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue			
Sales Revenue		4,049,910	2,065,570
Cost of Sales		(1,611,886)	(844,143)
Gross Profit		2,438,024	1,221,427
Other income		723,140	847,349
Interest income		9,274	1,276
Expenses			
Consulting expense		(930,833)	(928,926)
Employee benefits expense		(2,706,017)	(862,030)
Share-based payment expense		(2,019,099)	-
Occupancy expense		(361,954)	(132,943)
Marketing expense		(221,044)	(218,520)
Administration expense		(215,089)	(215,280)
Depreciation and amortisation expense		(39,797)	(38,784)
Finance costs		(112,767)	(103,185)
Corporate restructure expense		(5,229,773)	-
Other expenses		(621,373)	(411,295)
Profit/(Loss) before income tax		**(9,287,308)**	**(840,911)**
Tax (expense)income		66,892	(322,762)
(Loss) for the period		**(9,220,416)**	**(1,163,673)**
Loss attributable to members of the parent entity		(9,220,416)	(1,163,673)
		(9,220,416)	**(1,163,673)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign controlled entities		27,369	-
Total comprehensive income for the period		**26,386**	**-**
Total comprehensive income for the period attributable to:			
- Members of the parent entity		**(9,193,047)**	**(1,163,673)**
Loss per share:			
Basic and diluted loss per share (cents)	7	**(3.99)**	**(8.48)**

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		6,556,928	54,034
Trade and other receivables	10	387,961	322,411
Other assets		243,730	63,061
Total Current Assets		**7,188,619**	**439,506**
Non-Current Assets			
Other receivables		73	39,783
Property, plant and equipment	11	204,870	113,318
Deferred tax assets		337,019	71,301
Total Non-Current Assets		**541,962**	**224,402**
TOTAL ASSETS		**7,730,581**	**663,908**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,526,375	1,229,616
Tax liabilities		237,600	-
Other liabilities		46,423	1,036,606
Borrowings	13	1,388,947	1,203,751
Total Current Liabilities		**3,199,345**	**3,469,973**
Non-Current Liabilities			
Other payables		-	-
Borrowings	13	-	495,693
Total Non-Current Liabilities		**-**	**-**
TOTAL LIABILITIES		**3,199,345**	**3,965,666**
NET ASSETS		**4,531,236**	**(3,301,758)**
EQUITY			
Issued capital	14	28,731,865	13,724,923
Reserves	15	2,045,486	(982)
Accumulated losses		(26,246,115)	(17,025,699)
TOTAL EQUITY		**4,531,236**	**(3,301,758)**

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Issued Capital	Accumulated Losses	Reserves	Total Equity
<u>Consolidated</u>	$	$	$	$
Balance at 1 July 2016	**12,775,283**	**(15,862,026)**	**-**	**(3,086,743)**
Loss for the year	-	(1,163,673)	-	(1,163,673)
Other comprehensive income for the period	-	-	(982)	-
Total comprehensive loss for the period	**-**	**(1,163,673)**	**(982)**	**(1,164,655)**
Transactions with owners in their capacity as owners				
Shares issued during the year	949,640	-	-	949,640
Balance at 30 June 2017	**13,724,923**	**(17,025,699)**	**(982)**	**(3,301,758)**
Balance at 1 July 2017	**13,724,923**	**(17,025,699)**	**(982)**	**(3,301,758)**
Loss for the period	-	(9,220,416)	-	(9,220,416)
Other comprehensive income for the period	-	-	27,369	27,369
Total comprehensive loss for the period	-	(9,220,416)	27,369	(9,193,047)
Transactions with owners in their capacity as owners				
Acquired from reverse acquisition (refer to note 7)	10,306,942	-	-	10,306,942
Shares issued during the year	4,700,000	-	-	4,700,000
Share Based Payments			2,019,099	2,019,100
Balance at 30 June 2018	**28,731,865**	**(26,246,115)**	**2,045,486**	**4,531,236**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		3,038,745	2,033,038
Payments to suppliers and employees		(7,711,679)	(3,456,634)
Interest received		60,942	1,276
Finance costs		(54,145)	(103,185)
Government grants received		723,140	838,577
Taxation		(228,836)	-
Net cash used in operating activities	**18**	**(4,171,833)**	**(686,928)**
Cash flows from investing activities			
Purchase of plant and equipment		(134,901)	(27,419)
Cash from acquisition of subsidiary		6,422,440	-
Net cash provided by investing activities		**6,287,539**	**(27,419)**
Cash flows from financing activities			
Proceeds from issue of shares		5,050,000	788,663
Proceeds from borrowings		727,600	67,628
Repayment of borrowings		(1,125,069)	(197,432)
Net cash provided by financing activities		**4,652,531**	**658,859**
Net increase in cash and cash equivalents		6,768,235	(55,488)
Cash and cash equivalents at beginning of the financial year		(211,307)	(155,819)
Cash and cash equivalents at end of financial year		**6,556,928**	**(211,307)**

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Supplementary Appendix 4E Information

1. Statement of significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by SenSen Networks Limited during the reporting period in accordance with the continuous disclosure requirements of Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial report, comprising the financial statements and notes of SenSen Networks Limited and its controlled entities, complies with the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

The principal accounting policies adopted in the preparation of the preliminary financial report are consistent with those of the previous financial year with the exception of those noted below:

Reverse acquisition – Comparative Information

SenSen Networks Limited (formerly Orpheus Energy Limited) (the Company) acquired SenSen Networks Pty Ltd (SenSen) on 18 October 2017. From a legal and taxation perspective SenSen Networks Limited is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 *Business Combinations* (AASB 3) because the acquisition resulted in SenSen shareholders holding a controlling interest in the Company after the transaction notwithstanding SenSen Networks Limited being the legal parent of the Group. At the time of the acquisition SenSen Networks Limited divested all of its operations, and its activities were limited to managing its cash balances, filing obligations (i.e., a listed shell), and completion of the acquisition. It is therefore considered that SenSen Networks Limited does not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs.

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where SenSen Networks Pty Ltd is the accounting acquirer and SenSen Networks Limited is the legal acquirer. The preliminary final report includes the consolidated financial statements of SenSen for the full year and the Company for the period 18 October 2017 to 30 June 2018. The annual report represents a continuation of SenSen Networks Pty Ltd.'s financial statements with exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity of SenSen Networks Limited adjusted to reflect the equity issued by SenSen Networks Limited on acquisition. Refer to note 14 on issued capital.

Under the reverse acquisition principles, the consideration provided by SenSen Networks Pty Ltd was determined to be $10,306,942 which is the deemed fair value of the 103,069,423 shares owned by the former SenSen Networks Limited shareholders at the completion of the acquisition, valued at the capital raising share price of $0.10 per share.

The excess of the deemed fair value of the shares owned by the SenSen Networks Limited shareholders and the fair value of the identifiable net assets of SenSen Networks Limited immediately prior to the completion of the merger is accounted for under AASB 2 *Share Based Payments* and resulted in the recognition of $5,229,773 being recorded as "Corporate Restructure Expense". The net assets of SenSen Networks Limited were recorded at fair value at acquisition date. As the carrying value of all assets and liabilities held by the SenSen Networks Limited at acquisition date approximated their fair value, no adjustments were required.

New accounting policies for the merged group

Upon completion of the SenSen acquisition, the business of the Company changed to that of the consolidated group resulting in the need to consider and /or adopt new accounting policies.

Revenue and other income

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The following specific recognition criteria must also be met before revenue is recognised:
Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
Other revenue is recognised when it is received or when the right to receive payment is established.
All revenue is stated net of the amount of goods and services tax.
The Group has considered the implications of new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

2. Material factors affecting the economic entity for the current period

The loss of the Group for the financial year after income tax amounted to $9.2m (2017: loss of $1.2m).

An analysis of underlying Adjusted Net profit/(loss) in the current period which is calculated after excluding the effects of costs incurred but not expected to occur in the future is outlined below:

	2018 **$**	**2017** **$**
Net profit/(loss) for the year after tax	**(9,220,416)**	**(1,163,673)**
Non-recurring expenses[1]	(886,076)	-
Corporate Restructure expense[2]	(5,229,773)	-
Share-based payment expense[3]	(2,019,099)	-
Adjusted Net profit/(loss) for the year after tax	**(1,085,468)**	**(1,163,673)**

[1]The non-recurring and prior period expenses relates to professional service, capital raising, and other corporate expenses related to the reverse takeover and re-listing of the company on 18 October 2017.
[2]The excess of the deemed fair value of the shares owned by the SenSen Networks Limited shareholders and the fair value of the identifiable net assets of SenSen Networks Limited immediately prior to the completion of the merger is accounted for under AASB 2 *Share Based Payments* and resulted in the recognition of $5,229,773 being recorded as "Corporate Restructure Expense"
[3]The share-based payment expense includes amounts that are the product of a model-based valuation and, in some cases, carry performance conditions around the company's financial results that may or may not be met. These valuations are the subject of certain assumptions that may change from year to year.

3. Retained Earnings *(Appendix 4E item 6)*

	Consolidated 2018 $	2017 $
Balance 1 July	**(17,025,699)**	(15,862,026)
Net profit/(loss) for the year	**(9,220,416)**	(1,163,673)
Balance 30 June	**(26,246,115)**	(17,025,699)

4. Additional Dividend Information *(Appendix 4E item 7)*

There were no dividends paid or proposed during the year.

5. Dividend Reinvestment Plan *(Appendix 4E item 8)*

The company has no dividend reinvestment plan in operation.

6. NTA Backing *(Appendix 4E item 9)*

	Consolidated 2018 $	2017 $
Net tangible asset backing per ordinary share	$0.01	-$0.53

7. Earnings/(loss) per share *(Appendix 4E item 14.1)*

	Consolidated 2018 $	2017 $
Basic profit/ (loss) per share (cents per share)	**(3.99)**	(8.48)
Diluted profit/ (loss) per share (cents per share)	**(3.99)**	(8.48)
Profit/ (loss) used in calculating EPS	**(9,220,416)**	(1,163,673)
Basic and diluted loss per share		
Profit/(Loss) used in calculating EPS		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**No.**	No.
	213,180,678	13,724,923
Reconciliation of basic and diluted loss per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings/(loss) per share:		
	(9,220,416)	(1,163,673)

8. Share Buyback *(Appendix 4E item 14.2)*

The company had no on-market buy back in operation during the year ended 30 June 2018 or the year ended 30 June 2017.

9. Segment information *(Appendix 4E item 14.4)*

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

AASB 8 *Operating Segments* states that similar operating segments can be aggregated to form one reportable segment. Following the acquisition of SenSen Networks Pty Ltd the group aggregated all its reporting segments into two reportable operating segments. Prior to acquisition, the Company operated as a corporate shell having ceased its previous exploration activities in the prior period.

The principal areas of operation of the group are as follows:

- SenDISA Products
- Other products

Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	SenDISA Products	Other	Consolidated	SenDISA Products	Other	Consolidated
	$	$	$	$	$	$
		2018			2017	
Segment performance						
Revenue						
Sales revenue	4,049,910	-	4,049,910	2,065,570	-	2,065,570
Other revenue	723,140	-	723,140	847,349	-	847,349
Inter-segment revenue	-	-	-	-	-	-
Total Revenue	4,773,050	-	4,773,050	2,912,919	-	2,912,919
Segment result	(4,057,535)	(5,229,773)	(9,287,308)	(840,911)	-	(840,911)
Income tax	66,892	-	66,892	(322,762)	-	(322,762)
Net Loss	**(3,990,643)**	**(5,229,773)**	**(9,220,416)**	**(1,163,673)**	**-**	**(1,163,673)**
Depreciation and amortisation	39,797	-	39,797	38,784	-	38,784
Unrealised foreign exchange losses	-	-	-	-	-	-

10. Trade and other receivables

	Note	Consolidated 2018 $	2017 $
CURRENT			
Other receivables – owing on sale of subsidiaries	(a)	6,836,003	6,836,003
Provision for impairment of receivables - owing on sale of subsidiaries	(b)	(6,836,003)	(6,836,003)
Provision for doubtful debts		(19,663)	
Trade Receivables		387,961	322,411
		387,961	322,411

(a) Deferred payment owing on sale of subsidiaries PT Alam Duta Kalimantan (ADK) and PT Citra Bara Prima (CBP); and sale of tenements B34 and Papua

	2018 $	2017 $
Opening balance	6,836,003	7,171,243
Foreign exchange (loss) gain	-	(335,240)
Closing balance	6,836,003	6,836,003

(b) The Board has resolved to make a provision for full impairment of the amounts owing on the sale of subsidiaries as payment has not been received in accordance with the settlement agreement.

Nugroho Suksmanto is still to pay any of the outstanding funds owed to SenSen Networks Ltd and he remains in breach of the Settlement Agreement. According to the Agreement, as at 30 June 2017, the total Receivable from Nugroho Suksmanto was IDR 70 billion Rupiah plus interest of IDR8.75 billion Rupiah (total 78.75 billion Rupiah or ~A$7.6M) which remains unpaid.

As previously advised, as part of the Agreement, SenSen Networks Ltd has been provided with additional security in the form of a pledge over shares in a real estate company, PT Abadi Guna Papan ("AGP"), in which Nugroho Suksmanto has a controlling Interest.

Given Suksmanto' s continuing breach of the Agreement, SenSen Networks Ltd, as the pledgee under the Shares Pledge Agreements is entitled to sell the pledged shares, on behalf of the pledgors based on powers of attorney to sell shares and consents to transfer issued by the pledgors, to recover the outstanding funds owed to Orpheus. Over the year, SenSen Networks Ltd has continued to directly, and through its lawyers, conduct discussions with potential acquirers of the AGP shares.

11. Property, plant and equipment

	Motor Vehicles	Furniture & Equipment	Computer Equipment	Total
	$	$	$	$
30 June 2017				
Opening net book value	76,976	13,000	31,384	**121,360**
Additions/(Disposals)	-	-	27,419	**27,419**
Depreciation and amortisation	(4,816)	(1,653)	(28,992)	**(35,461)**
Balance at 30 June 2017	72,160	11,347	29,811	**113,318**
At 30 June 2017				
Cost or fair value	96,371	41,300	129,725	**267,396**
Accumulated depreciation	(24,211)	(29,953)	(99,915)	**(154,078)**
Net book balance	72,160	11,347	29,811	**113,318**

	Motor Vehicles	Furniture & Equipment	Computer Equipment	Total
	$	$	$	$
30 June 2018				
Opening net book value	72,160	11,347	29,811	**113,318**
Additions/disposals	-	3,652	127,697	**131,349**
Depreciation and amortisation	(5,501)	(2,140)	(32,156)	**(39,797)**
Balance at 30 June 2018	66,659	12,859	125,352	**204,870**
At 30 June 2018				
Cost or fair value	96,371	44,952	257,422	**398,745**
Accumulated depreciation	(29,712)	(32,093)	(132,070)	**(193,875)**
Net book balance	66,659	12,859	125,352	**204,870**

12. Trade and other payables

	Consolidated 2018 $	2017 $
Current		
Trade payables	**414,016**	538,852
Payroll liabilities	**742,433**	510,764
Accrued expenses	**369,926**	180,000
	1,526,375	1,229,616

All trade and other payables are expected to be settled within 12 months.

13. Borrowings

		Consolidated 2018 $	2017 $
(a)	Loans from related parties – unsecured	**870,895**	926,541
(b)	Bank Loan	**450,000**	693,635
(c)	Car Loan	**68,053**	79,268
Total Current Borrowings		**1,388,948**	**1,699,444**

a) Directors extended short terms loans of $686,568 (of which 50% were repaid through equity as part of the reverse takeover) to the Company with interest payable at the rate charged by Westpac Banking Corporation on business overdrafts exceeding $100,000 less 0.5%. No interest was charged during the year ended 30 June 2018.

As part of the acquisition and as outlined in the Prospectus, one half of the loans were converted to equity on completion of the acquisition and the balance will be paid through equity awards in October 2018.

A shareholder, Speedshield Holdings extended a loan of $500,000 to the Company with no interest payable.

b) The company has a business loan facility with Commonwealth Bank for $450,000. Variable rate interest of 5.45% is charged and the loan term expires on 13 December 2020.

c) The company has a motor vehicle loan with Lexus which expires in June 2020.

14. ISSUED CAPITAL

	Note	Consolidated 2018 $	2017 $
Ordinary shares	(a)	**28,731,865**	13,724,923

(a) Share capital movement during the period:

	Consolidated 2018 No.	$	2017 No.	$
Balance at beginning of the reporting period	6,259,358	13,724,923	5,990,375	12,775,283
Shares issued during the year (i)	-	-	268,983	999,980
Share issue costs (i)	-	-		(50,340)
Merger of SenSen Networks Limited (the Company) and SenSen Networks Pty Ltd (SenSen)				
Elimination of existing SenSen shares at acquisition date	(6,259,358)	-	-	-
Existing Company shares at acquisition of SenSen	103,069,423	-	-	-
Company shares issued to SenSen vendors on acquisition (ii)	273,764,706	10,306,942	-	-
Placement of shares (iii)	34,481,766	4,700,000		
Balance at end of period	**411,315,895**	**28,731,865**	**6,259,358**	**13,724,923**

(i) SenSen raised capital of $999,980 (being $160,997 of loans converted to equity and $839,003 raised in cash less share issue costs of $50,340) prior to the Acquisition.

(ii) Issue of shares at deemed issue price of $0.10 as consideration for the acquisition of SenSen Networks Pty Ltd at acquisition date. No funds were raised as the consideration for the Shares was the transfer of shares in SenSen Networks Pty Ltd.

(iii) Issue of shares at an issue price of $0.145 under a placement of shares to raise $5 million on 24 May, 2018. Capital raising costs associated with the placement were $300,000 and the net amount raised was $4,700,000.

15. Reserves

	Consolidated 2018 $	2017 $
Share based payments	**2,019,099**	-
Foreign currency translation	**27,369**	(982)
	2,045,486	(982)

18. Reconciliation of cash flows from operating activities

		Consolidated	
		2018	2017
		$	$
(a)	**Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax**		
	Net profit/(loss)	(9,220,416)	(1,163.673)
	Non-cash flows in profit/(loss):		
	Expenses		
	Depreciation and amortisation expense	39,797	35,462
	Corporate Restructure expense	5,229,773	-
	Share based payment expense	2,019,099	-
	Changes in assets and liabilities net of the effects of acquisitions of subsidiaries		
	Decrease/(Increase)/in trade and other receivables	(85,213)	(41,304)
	(Decrease)/increase in trade and other payables	(2,561,803)	601,200
	Decrease/(Increase) in other assets	-	(133,613)
	Decrease/(Increase) in inventory	-	15,000
	Reverse Acquisition adjustment	406,930	-
	Net cash (used in) operating activities	**(4,171,833)**	**(686,928)**

19. Trends in Performance *(Appendix 4E item 14.5)*

As outlined below, the company was the subject of a reverse takeover during the year and, as such, the nature of the business has changed significantly. For that reason, there are no historic trends which are relevant to measure against the current performance of the business.

The business increased revenues by almost 100% year on year which is continuation of the growth trend from the previous year.

The FY 2018 revenues consisted of a combination of both new client contracts and existing recurring revenue from customers in Australia and overseas, with the biggest relative contribution occurring in the last quarter. Major contributors to the revenue number for FY 2018 were from previously announced major contract wins over the last financial year.

The Company expects this trend to continue in the financial year ahead, with growing revenues expected from both a strong pipeline of new potential clients and recurrent revenue in both the Intelligent Transport Systems (ITS) and Gaming sectors, as well as from software as a service (SaaS) licence arrangements with existing clients.

20. Other Factors that Affected Results in the Period or which are Likely to Affect the Results in the Future *(Appendix 4E item 14.6)*

In May 2018, the company completed an oversubscribed $5 million share placement to domestic and offshore institutions and existing sophisticated investor shareholders. These funds will assist in business development and marketing activities domestically and overseas, project development, and allow SenSen to fulfil higher-revenue ITS and Leisure contracts more quickly.

To help facilitate the expected continuing growth in revenue in FY19, and since completing the $5 million capital raising in May, SenSen has been proactively engaged in a range of business development and marketing activities, domestically and overseas, including the identification of a number of high-quality individuals who will represent SenSen in the jurisdictions where SenSen is aggressively growing its global footprint. These experienced business development professionals will work proactively with the Company's distribution partners and directly engage with SenSen's target City Councils and Casinos customer list to drive new high-value contracts.

Furthermore, with the ability to now more rapidly deploy projects with larger up-front and project development costs for SenSen, additional higher-revenue ITS and Casino contracts are planned for 2019.

21. Controlled Entities Acquired or Disposed of *(Appendix 4E item 10)*

On 12 April 2017, the Company entered into a Share Purchase Agreement with all of the shareholders of SenSen Networks Pty Ltd ("SenSen"). The Company acquired 100% of SenSen by the purchase of all the shares in SenSen from the shareholders of SenSen, in exchange for the issue of shares in the Company. On 1 September 2017, a Prospectus was issued for the offer of 15,000,000 New Shares to eligible Company shareholders under a Share Purchase Plan, up to 50,000,000 New Shares to eligible investors under a General Offer, and 273,764,706 Consideration Shares to the Vendors in consideration for the acquisition of all of the shares in SenSen. Subsequently, supplementary prospectus was issued on 14 September 2017 and 25 September 2017.

The transaction was completed on 18 October 2017 and included a capital raising of $6.5 million.

22. Associates and Joint Venture Entities *(Appendix 4E item 11)*

The Company did not acquire or dispose of any interests in Joint Ventures or Associates during the year.

23. Other Significant Information *(Appendix 4E item 12)*

There is no other significant information in addition to the information that has been included in this report in relation to the company's financial performance or financial position.

24. Subsequent events

As part of the reverse takeover transaction on 18 October, 2017, each of the then Directors of the Company and the then Chief Financial Officer agreed to convert 50% of the amounts owing to them by the Company into Shares. The remaining balances are due to be repaid within 12 months of completion of the Acquisition in cash, or in Shares, at the election of the Company's Board.

If the Company's Board elects to repay the loans in Shares, this will be subject to Shareholder approval and the number of Shares to be issued will be calculated by dividing the relevant balances by the 30-day VWAP of the Shares trading on ASX.

As at 30 June 2018 the amounts of $982,242 above were recorded as liabilities in the annual report as follows:

- Borrowings - $343,284 for Company's previous directors' loans.
- Trade and other payables - $638,958 for outstanding payroll and tax liabilities to Company's previous CFO and directors

25. Audit Status *(Appendix 4E item 15)*

This report is based on accounts which are in the process of being audited.