

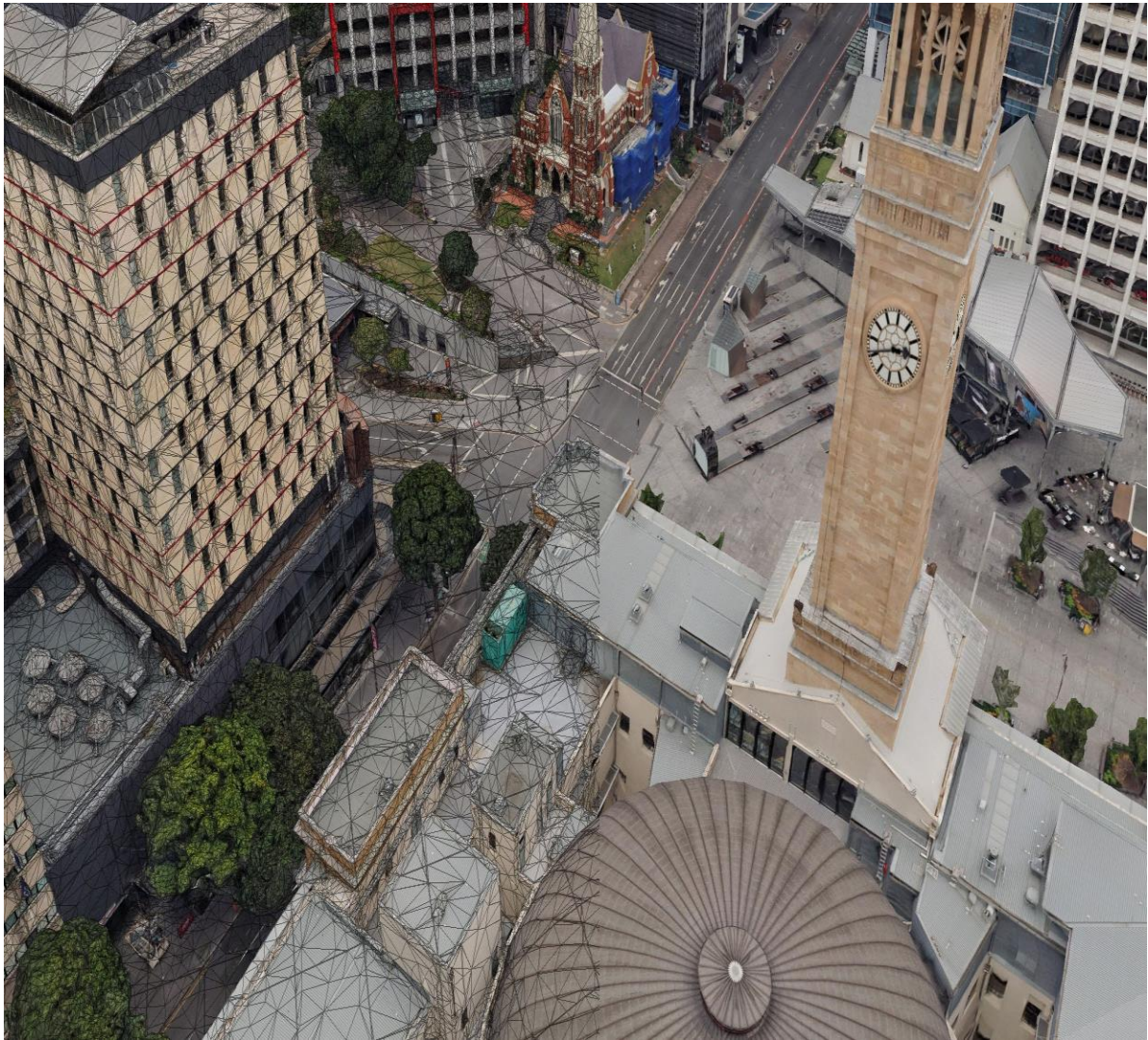


Image: Brisbane 3D mesh model

Aerometrex Limited (formerly Aerometrex Pty Ltd)

Appendix 4D & Financial Statements

for the half year ended 31 December 2019

ACN: 153 103 925

ASX Code: AMX

ASX Appendix 4D - Half year report

Reporting Period

Reporting period (Current Period): For the half year ended 31 December 2019

Previous corresponding period (PCP): For the half year ended 31 December 2018

Release date: 26 February 2020

Results for announcement to the market

Key Information	Current Period \$'000	Previous Corresponding Period (PCP) \$'000	Percentage Change on PCP	Change in Value \$'000
Revenues from ordinary activities	10,097	6,997	+ 44.3%	3,100
(Loss) / Profit from ordinary activities after tax attributable to members	(249)	567	(143.9%)	(816)
(Loss) / Profit for the half-year attributable to members	(249)	567	(143.9%)	(816)

Overview of operating results

Aerometrex is pleased to report its inaugural first half year report since listing on the ASX (ASX code: AMX) on 10 December 2019. The key highlights for the reporting period were:

- Revenue grew 44% on the prior corresponding period (PCP) to \$10.1m with significant revenue growth achieved in LiDAR and 3D (on demand project work) with momentum continuing to build within the subscription model of Metromap (Data as a Service "DaaS"). A small decline in aerial imagery work reflects the changing nature of the needs and preferences of customers who are now accessing this data via the Metromap subscription service.
- The loss after tax attributable to members was \$249k compared to a profit of \$567k in the prior period. During the half-ended 31 December 2019, significant costs were incurred in relation to the public listing of the company, finance costs associated with the pre-IPO convertible notes and refinancing of corporate banking facilities during the reporting period. These one-off costs totalled \$918k in the current half-year results and are not of a recurring nature.

For a further explanation of the results above please refer to the accompanying Directors' Report.

Dividends

In accordance with the Prospectus lodged with the Australian Securities and Investment Commission (ASIC) on 1 November 2019, the company does not intend to pay dividends in the first two years from the Offer date in the Prospectus as the capital will be deployed to pursue growth opportunities. Aerometrex will review this policy on an annual basis and provide updates to the market in accordance with its disclosure obligations if it changes its dividend policy.

Dividends - previous corresponding period	Period	Payment Date	Amount per security Cents	Franked amount per security at 27.5% tax
Interim Dividend	31 Dec 2018	01 Jul 2018	0.84	38.10%
Final Dividend	30 Jun 2018	25 Jul 2018	11.2	37.95%
Interim Dividend	31 Dec 2018	28 Jul 2018	0.84	38.10%
Interim Dividend	31 Dec 2018	28 Aug 2018	0.84	38.10%
Interim Dividend	31 Dec 2018	28 Sep 2018	0.84	38.10%
Interim Dividend	31 Dec 2018	28 Oct 2018	0.84	38.10%
Interim Dividend	31 Dec 2018	28 Nov 2018	0.84	38.10%
Interim Dividend	31 Dec 2018	28 Dec 2018	0.84	38.10%
Total dividends paid in the prior corresponding period			17.08	38.00%

NTA Backing

Net tangible asset backing per ordinary share	Consolidated	
	Dec 2019 \$'000	Dec 2018 \$'000
Net tangible asset backing per ordinary security	\$ 0.36	\$ 0.06
Total number of shares on issue at period end	94,400,000	60,200,000

Total number of shares held at balance date in the prior corresponding period (31 December 2018 and 30 June 2019) of 1,786,009 has been adjusted to account for the share split of 1:32.7 which occurred on 9 September 2019 to enable comparison with the current period.

Entities over which control has been gained or lost during the period

There are no entities over which control has been gained or lost during the reporting period.

Associates and joint venture entities

There are no associates or joint venture entities.

Independent Audit Review

The financial statements were subject to an independent audit review by Grant Thornton Audit Pty Ltd. The independent audit review report is attached as part of the Interim Report.

This half year report should be read in conjunction with any public announcements made by Aerometrex Limited and its controlled entities during the half year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 [Cth] and ASX listing rules.

Directors' Report



Image: Digital Terrain Model (DTM) of mine site

Directors' Report

The directors present their report, together with the consolidated of Aerometrex Limited (referred to hereafter as 'Aerometrex'), formerly Aerometrex Pty Ltd, comprising of the company and its controlled entities, for the half year ended 31 December 2019.

Directors

The Directors of Aerometrex Limited during the half year ended 31 December 2019 and up to the date of this report are set out below:

Name	Role	Status	Appointed	Resigned
Mr Mark Llewellyn Lindh	Non-Executive Director and Chair	Independent	20 May 2019	
Dr Peter Graham Foster	Non-Executive Director	Independent	15 Oct 2019	
Mr Matthew Duval White	Non-Executive Director	Not Independent	07 Sep 2011	
Mr Mark John Deuter	Managing Director	Not Independent	21 Oct 2011	
Mr David Michael Byrne	Executive Director	Not Independent	21 Oct 2011	
Ms Beata Maria Serafin	Executive Director	Not Independent	21 Oct 2011	20 Sep 2019
Mr Scott Tomlinson	Executive Director	Not Independent	21 Oct 2011	20 Sep 2019
Mr Glen Stuart Davis	Non-Executive Director	Independent	31 May 2019	23 Aug 2019

Company Secretary

Name	Appointed	Resigned
Mr Matthew Duval White	07 Sep 2011	25 Nov 2019
Ms Kaitlin Louise Smith	25 Nov 2019	

Company Overview

Aerometrex is a professional aerial mapping business specialising in aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services which was listed on the ASX on 10 December 2019 (ASX: AMX) following the successful completion of the IPO capital raising through a fully underwritten offer of 25 million new shares.

The Aerometrex business was established in 1980 with its corporate headquarters based in South Australia.

Changes in state of affairs

During the six months ended 31 December 2019, the following significant events occurred:

- Converted from a Proprietary Limited company to a public company limited by shares, on 29 August 2019 in anticipation of listing on the Australian Securities Exchange (ASX);
- Raised \$25 million (25,000,000 shares at \$1.00 each) via a fully underwritten initial public offering under a Prospectus lodged with ASIC on 1 November 2019. The primary objectives were to:
 - List on the Australian Securities Exchange (ASX);
 - Provide Aerometrex with financial flexibility to pursue growth initiatives domestically and abroad;

- Provide Aerometrex with the benefits of increased public awareness that arises as an ASX-listed entity; and
- Broaden Aerometrex's shareholder base and provide a liquid market for its securities.
- Successfully listed on the ASX on 10 December 2019.
- Issued 1,000,000 options to the Non-Executive Directors.
- Issued 944,000 options to the Lead Manager and Underwriter, Morgans.
- Converted 7,000,000 series 'A' convertible notes with a face value of \$7m (notes issued at \$1 per convertible note) into 9,200,000 million ordinary shares as part of the ASX listing process.

There were no other significant changes in the state of affairs of the Group during the financial period.

Company Segments

	Aerial photography and mapping	Aerial LiDAR surveys	3D modelling	MetroMap
Services	The key products from this activity are aerial photographs, orthophotography (scale corrected 2D aerial imagery maps), Digital Terrain Models (DTMs), Digital Surface Models (DSMs) and digitised 3D feature data for Geographic Information Systems.	Aerometrex provides an aerial LiDAR surveying service, an advanced aerial surveying technique which accurately maps the ground surface using airborne lasers.	Aerometrex has developed a sophisticated 3D modelling and mapping system derived from oblique aerial photographs. It offers 3D models of the highest resolution (1cm-2cm pixel) and absolute accuracy (5cm in the XY & Z dimensions) derived from aerial platforms.	Aerometrex provides an online imagery web-serving application, MetroMap, which offers Aerometrex's high-quality, accurate imagery to a subscriber base. MetroMap fulfils all the quality and accuracy requirements of sophisticated geospatial data users and provides easy to consume product for the corporate market, via a web browser interface.

Review of Operations

For the six months ended 31 December 2019, Aerometrex reported a 44.3% increase in revenue to \$10.097m (PCP \$6.997m). Significant growth in revenue was achieved in aerial LiDAR (+\$2.05m or 94%), 3D modelling (+\$831k or 96%) and within Metromap, the subscription service model, (+\$305k or 67%). These gains were offset by a small decline in revenue for aerial mapping (down \$87k or 2.5%) however this was driven by delivering some of these services via the Metromap platform.

Aerometrex operations generated a net loss before income tax of \$245k for the half year ended 31 December 2019, compared to a net profit before income tax of \$432k in the prior corresponding period. In understanding this result, the December 2019 results included \$720k which was expensed as part of the fully underwritten IPO capital raising exercise including financing costs associated with the pre-IPO convertible notes and a further \$198k in refinancing costs associated to establishing new debt facilities with Westpac. These one-off costs totalled \$918k in the current half-year results and are not of a recurring nature. This can be summarised as follows:

	Half Year Ended 31 December		
	2019 \$'000	2018 \$'000	% +/-
Revenue from ordinary activities	10,097	6,997	44.3%
(Loss) / Profit before income tax	(245)	432	
Addback of one off items	918	-	
Normalised profit before income tax	673	432	55.8%

The statement of financial position for Aerometrex was strengthened during the period following the successful completion of the fully underwritten capital raising in December 2019 (\$25 million in gross proceeds) plus the conversion of convertible notes (\$7 million in gross proceeds) into equity as part of the listing on the ASX on the 10th December 2019. Available cash reserves were \$22m as at 31 December 2019 (30 June 2019: \$5.1m) with financial debt being reduced by \$8.3m (31 December 2019: \$3.3m and 30 June 2019: \$11.6m) which included the conversion of the convertible notes into equity on listing.

Events subsequent to the statement of financial position date

There are no matters or circumstances that have arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding off

The company is of a kind referred to in Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports), issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars unless specifically stated otherwise.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the Directors



Mr Mark Lindh

Chair



Mr Mark Deuter

Managing Director

Adelaide
26 February 2020

Auditor's Independence Declaration

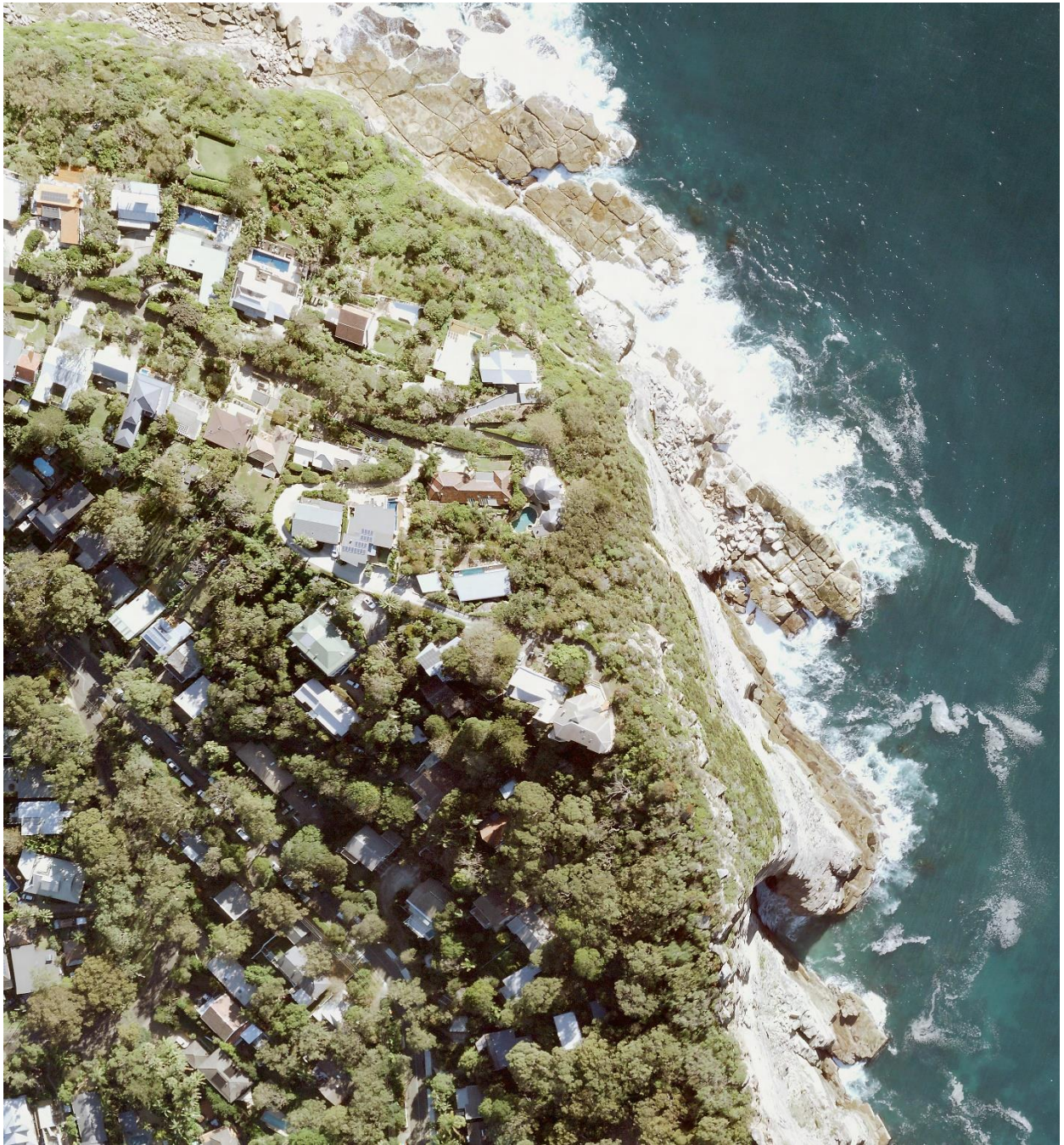


Image: Whale Beach, New South Wales

Auditor's Independence Declaration

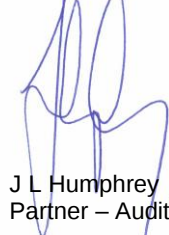
To the Directors of Aerometrex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Aerometrex Limited for the period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 February 2020

Financial Report



Image: Perth Children's Hospital

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2019

	Half Year Ended 31 December		
	Notes	2019 \$'000	2018 \$'000
Revenue from ordinary activities	3	10,097	6,997
Other income		108	42
Cost of sales		(3,682)	(2,495)
Employee benefits expense		(2,800)	(2,081)
Depreciation of property, plant & equipment	6	(947)	(653)
Amortisation of intangible assets	7	(513)	(124)
Travel and accommodation		(44)	(50)
IPO and Capital Raising Costs expensed		(543)	-
Shared based payment for director options	10	(69)	-
Refinance costs		(198)	-
Other expenses		(1,388)	(1,062)
Finance costs	4	(313)	(144)
Finance income	4	47	2
(Loss) / Profit before income tax		(245)	432
Income tax (expense) / benefit	11	8	142
(Loss) / Profit after income tax		(237)	574

Profit attributable to:			
Equity holders of the parent		(249)	567
Non-controlling interests		12	7
Profit after income tax		(237)	574

Earnings per share			
Basic, (loss) / profit for the period attributable to ordinary equity holders of the parent		(\$0.004)	\$0.009
Diluted, (loss) / profit for the period attributable to ordinary equity holders of the parent		(\$0.004)	\$0.009

Total number of shares used in the calculation for the prior corresponding period (31 December 2018) of 1,786,009 has been adjusted to account for the share split of 1:32.7 which occurred on 9 September 2019 to enable comparison with the current period.

To be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Consolidated		
	Notes	Dec 2019 \$'000	Jun 2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	22,056	5,110
Trade and other receivables		3,901	2,759
Contract assets		1,205	1,276
Other		193	97
Total current assets		27,355	9,242
Non-current assets			
Property, plant and equipment	6	13,345	9,800
Intangible assets	7	3,588	3,102
Deferred tax assets	12	1,099	349
Total non-current assets		18,032	13,251
Total assets		45,387	22,493
Liabilities			
Current liabilities			
Trade and other payables		1,677	1,103
Current tax liabilities		157	293
Contract liabilities		405	522
Financial liabilities	8	405	8,520
Employee benefits		1,075	890
Total current liabilities		3,719	11,328
Non-current liabilities			
Financial liabilities	8	2,916	3,112
Employee benefits		121	93
Deferred tax liabilities	12	1,262	1,091
Total non-current liabilities		4,299	4,296
Total liabilities		8,018	15,624
Net assets		37,369	6,869
Equity			
Equity attributable to the owners of Aerometrex Limited:			
Issued capital	9	32,921	2,377
Share based payments reserve	10	193	-
Retained earnings		3,873	4,122
Non-controlling interest		382	370
Total equity		37,369	6,869

To be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2019

	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Total attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2019	2,377	-	4,122	6,499	370	6,869
(Loss) / Profit after income tax for the half-year	-	-	(249)	(249)	12	(237)
Proceeds from issue of ordinary shares - IPO	25,000	-	-	25,000	-	25,000
Share based payment reserve - broker options	(124)	-	-	(124)	-	(124)
IPO costs	(1,662)	-	-	(1,662)	-	(1,662)
Tax effect of IPO costs	457	-	-	457	-	457
Net proceeds from share issue (IPO)	23,671	-	-	23,671	-	23,671
Proceeds from issue of Series 'A' convertible notes	7,000	-	-	7,000	-	7,000
Convertible note costs	(420)	-	-	(420)	-	(420)
Tax effect of convertible notes costs	116	-	-	116	-	116
Finance cost of convertible notes now expensed	177	-	-	177	-	177
Net proceeds from conversion of Convertible notes to Issued Equity	6,873	-	-	6,873	-	6,873
Value of options granted during the period	-	193	-	193	-	193
Dividends paid	-	-	-	-	-	-
Balance at 31 December 2019	32,921	193	3,873	36,987	382	37,369

	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Total attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2018	3,127	-	2,240	5,367	362	5,729
Profit after income tax for the half-year	-	-	567	567	8	575
Dividends paid	-	-	(305)	(305)	-	(305)
Balance at 31 December 2018	3,127	-	2,502	5,629	370	5,999

A return of capital was paid to the founding shareholders of \$750,000 in June 2019 which accounts for the change in the closing balance as at 31 December 2018 for Share Capital and the opening balance as at 1 July 2019.

To be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2019

	Half Year Ended 31 Dec	
	Dec 2019 \$'000	Dec 2018 \$'000
Cash flows from operating activities		
Receipts from customers	9,924	9,072
Payments to suppliers and employees	(8,044)	(6,464)
Income taxes paid	(136)	(100)
Interest received	47	2
Interest and other finance costs paid	(137)	(144)
Net cash from / (used in) operating activities	1,654	2,366
Cash flows from investing activities		
Payments for property, plant and equipment	(3,792)	(1,483)
Deposits paid for property, plant and equipment	(701)	-
Purchase of other intangible assets	(1,016)	(809)
Net cash from / (used in) investing activities	(5,509)	(2,292)
Cash flows from financing activities		
Proceeds from borrowings	7,633	885
Proceeds from issue of shares - IPO	25,000	-
IPO Costs	(2,204)	-
Proceeds from issue of convertible notes	1,500	-
Repayment of borrowings	(11,128)	(681)
Dividends paid	-	(680)
Net cash from / (used in) financing activities	20,801	(476)
Net increase/(decrease) in cash and cash equivalents	16,946	(402)
Cash and cash equivalents at the beginning of the financial half-year	5,110	974
Cash and cash equivalents at the end of the financial half-year	22,056	572

To be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2019

1. Change to company type

On the 29th August 2019, the company lodged an application to change the company type from a proprietary company limited by shares (Pty Ltd) to a public company limited by shares (Ltd). The application was approved by the Australian Securities and Investment Commission on 3rd October 2019.

2. Basis of preparation

These general-purpose financial statements for the half year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in connection with the prospectus lodged with the ASIC on 1 November 2019, the audited financial statements for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year, except for the policies stated below.

Changes to accounting policies

AASB 16 Leases

Transition to AASB 16

Accounting standard AASB 16 *Leases* was applied from 1 July 2019 with the company using the modified retrospective method of adoption. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company has elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 17 and AASB Interpretation 4 at the date of initial application. The company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The leases held by the company satisfy the relevant criteria of a short-term lease or low value asset under AASB 16. As a result, the adoption of this standard has had no impact on the company.

Summary of new accounting policies

Set out below are the new accounting policies of the company upon adoption of AASB 16, which have been applied from the date of initial application:

Right-of-use assets

The company recognises right-of-use assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of a lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Group considered whether it had any uncertain tax positions. The interpretation did not have an impact on the consolidated financial statements of the Group.

3. Segment Information

Aerometrex recognises revenue across four operating segments being aerial photography and mapping, aerial LiDAR surveys, 3D modelling, and MetroMap. The tracking of revenue into operating segments is used for the internal assessment of company revenue performance and future planning however the expenditure is not recorded into the same revenue streams as a significant portion of the costs are shared. That is, the aviation and production resources are available as a whole of company resource and allocated to undertake work as required including dependency on external factors such as weather. The gross margin is therefore an accumulative result based on the mixed revenue stream nature of the company (project or on demand revenue and subscription-based revenue).

The detailed revenue from the four operating segments are then combined with a whole of company expense analysis which is reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources.

The CODM reviews segment revenue with EBITDA (earnings before interest, tax, depreciation and amortisation) at a whole of business level. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The assets and liabilities (Statement of Financial Position) of the company are reported and reviewed by the CODM at a whole of company level as this is not allocated to individual operating segments.

Aerometrex generates revenue from two principle sources:

1. Subscription revenue from Metromap aerial imagery subscription service or "Data as a Service" (DaaS); and
2. Project based contracts to undertake LiDAR surveys, aerial imagery and mapping and 3D modelling (on demand).

	Aerial photography and mapping	Aerial LiDAR surveys	3D modelling	MetroMap
Services	The key products from this activity are aerial photographs, orthophotography (scale corrected 2D aerial imagery maps), Digital Terrain Models (DTMs), Digital Surface Models (DSMs) and digitised 3D feature data for Geographic Information Systems.	Aerometrex provides an aerial LiDAR surveying service, an advanced aerial surveying technique which accurately maps the ground surface using airborne lasers.	Aerometrex has developed a sophisticated 3D modelling and mapping system derived from oblique aerial photographs. It offers 3D models of the highest resolution (1cm-2cm pixel) and absolute accuracy (5cm in the XY & Z dimensions) derived from aerial platforms.	Aerometrex provides an online imagery web-serving application, MetroMap, which offers Aerometrex's high-quality, accurate imagery to a subscriber base. MetroMap fulfils all the quality and accuracy requirements of sophisticated geospatial data users and provides easy to consume product for the corporate market, via a web browser interface.
Revenue Model	Project based revenue	Project based revenue	Project based revenue	Subscription revenue from "Data as a Service" (DaaS)
Revenue Recognition	On demand revenue (transferred over time)	On demand revenue (transferred over time)	On demand revenue (transferred over time)	Subscription revenue (transferred over time) Or On demand revenue (projects delivered via Metromap) (transferred over time)

Project based (on demand revenue): relates to revenue to be recognised over time as the project is being completed in accordance with percentage of completion method.

Subscription revenue: Revenue from subscription services is recognised over time, over the contract term beginning on the date the services are made available to the customer. The contract terms may vary in accordance with the individual terms of the subscription agreement. Revenue from the subscription service represents a single promise to provide continuous access to the company's digital aerial imagery. As each day of providing access to the data is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, the Group has determined that its subscription service arrangement include a single performance obligation comprised of a series of distinct services.

Interest income: is recognised as interest accrues.

Contract liabilities: represents prepaid amounts received from customers in advance of the services being provided and generally relates to the subscription service. The revenue on the invoice period is matched with the subscription period resulting in the revenue being recognised over time as the subscription period expires. These amounts are disclosed as contract liabilities in the statement of financial position.

Revenue	Aerial photography and mapping \$'000	Aerial LiDAR surveys \$'000	3D Modelling \$'000	MetroMap \$'000	Total \$'000
Six months ended 31 December 2019					
Operating revenue	3,420	4,224	1,695	758	10,097
Timing of revenue recognition - Six months ended 31 December 2019					
Transferred over time (on demand revenue)	3,420	4,224	1,695	576	9,915
Transferred over time (subscription revenue)	-	-	-	182	182
Total revenue from contracts with customers	3,420	4,224	1,695	758	10,097
Operating revenue by geography					
Australia	3,420	4,224	1,189	758	9,591
US *	-	-	-	-	-
Europe *	-	-	506	-	506
Total revenue from contracts with customers	3,420	4,224	1,695	758	10,097

* Customers in the US and Europe were serviced from Australia.

Revenue	Aerial photography and mapping \$'000	Aerial LiDAR surveys \$'000	3D Modelling \$'000	MetroMap \$'000	Total \$'000
Six months ended 31 December 2018					
Operating revenue	3,506	2,174	864	453	6,997
Timing of revenue recognition - Six months ended 31 December 2018					
Transferred over time (on demand revenue)	3,506	2,174	864	351	6,895
Transferred over time (subscription revenue)	-	-	-	102	102
Total revenue from contracts with customers	3,506	2,174	864	453	6,997
Operating revenue by geography					
Australia	3,462	2,174	727	453	6,816
US *	44	-	-	-	44
Europe *	-	-	137	-	137
Total revenue from contracts with customers	3,506	2,174	864	453	6,997

* Customers in the US and Europe were serviced from Australia.

4. Finance costs and finance income

	Consolidated	
	Dec 2019 \$'000	Dec 2018 \$'000
Finance Costs		
Interest expenses for chattel mortgage arrangements	104	143
Interest expenses on other facilities	32	1
Finance costs on pre-IPO Convertible Notes	177	-
Total interest expense	313	144
Finance Income		
Interest income from cash and cash equivalents	47	2
Total interest income	47	2

5. Cash and cash equivalents

	Consolidated	
	Dec 2019 \$'000	Jun 2019 \$'000
Cash and cash equivalents		
Cash at bank and on hand	970	5,110
Short term deposits at call	21,086	-
Total Cash and cash equivalents	22,056	5,110

Short term deposits at call represents the net funds received from the fully underwritten capital raising in December 2019, convertible note issue in June and July 2019 and after the repayment of debt (excluding equipment finance). The available funds will be deployed and invested into the business as outlined in the Prospectus over the next two-year period.

6. Property, Plant & Equipment

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
Six months ended 31 December 2019					
Property, plant and equipment					
Balance as at 1 July 2019	794	2,271	6,734	-	9,799
Additions	-	-	3,792	701	4,493
Disposals	-	-	-	-	-
Depreciation	-	(45)	(902)	-	(947)
Carrying amount as at 31 December 2019	794	2,226	9,624	701	13,345
Cost as at 31 December 2019	794	2,395	15,159	701	19,049
Accumulated Depreciation	-	(169)	(5,535)	-	(5,704)
Carrying amount as at 31 December 2019	794	2,226	9,624	701	13,345

Capital work in progress represents:

- Progress payments on delivery of a new aeroplane which is intended to be used in the LiDAR operations; and
- Deposit on the delivery of a second MetroCam for use in MetroMap data captures (subscription service).

Both initiatives are in accordance with the intended use of funds as outlined in the Prospectus for the IPO which was lodged with the ASIC on 1 November 2019.

7. Intangible assets

	Datasets \$'000	Other \$'000	Goodwill \$'000	Total \$'000
Six months ended 31 December 2019				
Intangible Assets				
Balance as at 1 July 2019	1,284	33	1,785	3,102
Additions	1,008	8	-	1,016
Disposals	-	-	-	-
Impairment	-	(17)	-	(17)
Amortisation	(513)	-	-	(513)
Carrying amount as at 31 December 2019	1,779	24	1,785	3,588
Cost as at 31 December 2019	3,562	24	1,785	5,371
Accumulated Amortisation	(1,783)	-	-	(1,783)
Carrying amount as at 31 December 2019	1,779	24	1,785	3,588

8. Financial liabilities

	Current		Non-current	
	Dec 2019 \$'000	Jun 2019 \$'000	Dec 2019 \$'000	Jun 2019 \$'000
Carrying amount at amortised cost				
Chattel mortgage liabilities	-	1,299	-	3,112
Commercial hire purchase	200	-	985	-
Bank bill business loan	120	-	1,931	-
Commercial Bills	-	2,035	-	-
Bank overdraft	85	106	-	-
Convertible notes	-	5,080	-	-
Total	405	8,520	2,916	3,112

Chattel mortgages and commercial hire purchases

Under the terms of the current debt facility with Westpac, equipment that is financed is held under a commercial hire purchase agreement whilst previously this was held under a chattel mortgage with ANZ. On the refinance of the debt facilities from ANZ to Westpac the chattel mortgages were paid out in full.

The arrangements are classified as follows:

	Dec 2019 \$'000 Commercial hire purchase	Jun 2019 \$'000 Chattel mortgage
Minimum payments	1,370	4,896
Less future charges	(185)	(485)
Present value of minimum payments	1,185	4,411
Current liability	200	1,299
Non current liability	985	3,112
Total	1,185	4,411

Commercial bills

The commercial bill facility was replaced with a bank bill business loan. Refer to note below.

Bank bill business loans

Two bank bill business loans were established under the debt facilities with Westpac:

- 1) A bank bill business loan facility of \$4,400,000 which was used to refinance the previous equipment finance under the chattel mortgages. This facility has a term of 4 years (expires October 2023). This debt was repaid following the successful completion of the IPO. This facility is available to be drawn down as required. At the end of the reporting period the outstanding liability was \$12k (June 2019: \$4,411k chattel mortgage).
- 2) A bank bill business loan facility of \$2,040,000 was established in the name of AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a controlled entity of Aerometrex and the owner of Aerometrex's head office premises. The security for this debt includes a general security agreement from AMX Capital Pty Ltd as trustee for AMX Capital Trust, a first mortgage over 51-53 Glynburn Road, Glynde SA and guarantees from Aerometrex and Atllass-Aerometrex Pty Ltd. At the end of the reporting period the outstanding liability was \$2.04m (June 2019: \$2.035m commercial bill).

Finance arrangements

Aerometrex has a total of \$6.7m in available debt facilities with Westpac. These debt facilities are:

- A bank business bill loan of \$4.4m. Balance outstanding as at December 2019 \$12k. This facility was drawn down and was used to refinance Aerometrex's previous equipment financier. This facility was repaid following the receipt of the IPO funds. This facility can be redrawn as required during the term.
- A pre-approved equipment line of \$2m which is intended to assist with new capital purchases of plant and equipment. At December 2019 the outstanding balance was \$1.185m represented by the commercial hire purchases.
- Corporate credit card facility of \$200k. Balance as at December 2019 was \$85k (June 2019: \$106k) and disclosed under bank overdrafts.
- A \$100k bank guarantee facility.

The security for the debt facilities includes a general security agreement from Aerometrex over fixed and floating assets and a guarantee and general security agreement from Atlass-Aerometrex Pty Ltd. There are no director guarantees associated to the facilities.

The facilities have the following financial covenants:

- At all times the equity ratio must not be less than:
 - 30% in the period up to 31 December 2019; and
 - 40% in the period after 31 December 2019; and
- At all times the financial debt to equity ratio must be less than 2.5 times.

These covenants were met for the half year ended 31 December 2019.

- 3) In addition, AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a controlled entity of Aerometrex and the owner of Aerometrex's head office premises has a \$2.04m bank bill loan which was used to refinance from its previous financier. The security for this debt includes a general security agreement from AMX Capital Pty Ltd as trustee for AMX Capital Trust, a first mortgage over 51-53 Glynburn Road, Glynde SA and guarantees from Aerometrex and Atlass-Aerometrex Pty Ltd. At the end of the reporting period the outstanding liability was \$2.04m (June 2019: \$2.035m commercial bill).

Convertible Notes

During the reporting period the company issued 1,500,020 (2019: 5,499,980) series 'A' convertible notes (pre IPO notes) with a face value of \$1.00 each to sophisticated and institutional investors in a number of tranches to raise \$1,520,000 (before costs) in pre IPO funding (2019: \$5,499,980). Under the terms of the convertible note deed poll, the notes would convert to shares based on the IPO or sale event conversion price through a successful IPO before 30 June 2020.

The 7,000,000 series 'A' convertible notes were converted into ordinary shares at the rate of 1 convertible note for 1.31428 ordinary shares and became 9,200,000 ordinary shares immediately prior to the public listing.

	Half Year Ended 31 December 2019	Year Ended 30 June 2019
	Convertible Notes #	Convertible Notes #
Opening Balance at 1 July	5,499,980	-
Issue of Convertible Notes	1,500,020	5,499,980
Convertible notes (conversion)	(7,000,000)	-
Closing Balance	-	5,499,980

	Half Year Ended 31 December 2019	Year Ended 30 June 2019
	\$'000	\$'000
Balance at 1 July	5,080	-
Face value of Series 'A' convertible notes issued	1,500	5,500
Transaction costs		(420)
Addback of finance cost on convertible notes now expensed	177	-
Converted to equity	(6,757)	-
Current liability	-	5,080

9. Share capital

	Half Year Ended 31 December 2019	Year Ended 30 June 2019	Half Year Ended 31 December 2019	Year Ended 30 June 2019
	Share capital #	Share capital #	Share capital \$'000	Share capital \$'000
Opening Balance at 1 July	1,786,009	1,786,009	2,377	3,127
Restructure of Existing Securities ^(a)	58,413,991	-	-	-
Restructured number of shares prior to IPO / note conversion	60,200,000	1,786,009	2,377	3,127
Issue of Securities (prospectus) ^(b)	25,000,000	-	25,000	-
Net costs (after tax effect) associated to IPO	-	-	(1,205)	-
Allocation of options to Lead Manager on IPO	-	-	(124)	-
Convertible notes (conversion) ^(c)	9,200,000	-	7,000	-
Net costs (after tax effect) of convertible notes	-	-	(127)	-
Return of Capital	-	-	-	(750)
Closing Balance	94,400,000	1,786,009	32,921	2,377

For the six months to 31 December 2019 the following security transactions were undertaken:

- (a) The number of shares on issue at 1 July 2018 was 1,786,009 fully paid A class shares which were restructured following a 1 for 32.706 split and became 60,200,000 ordinary shares.
- (b) 25,000,000 ordinary shares were issued from a fully underwritten IPO prospectus which was lodged with ASIC on 1 November 2019.
- (c) 7,000,000 series 'A' convertible notes were converted into ordinary shares at the rate of 1 convertible note for 1.31428 ordinary shares and became 9,200,000 ordinary shares.

10. Share based payments

During the period the company issued options to both the brokers in connection with the capital raising activities and to non-executive directors.

Options granted	Number	Grant date	Vesting date	Expiry date	Exercise price	Fair value at grant date
10 Dec 2019	1,000,000	10 Dec 2019	10 Dec 2019	10 Dec 2021	\$ 1.25	0.069
10 Dec 2019	944,000	10 Dec 2019	10 Dec 2021	10 Dec 2023	\$ 1.25	0.132

Summary of terms:

Broker options –the Lead Manager and Underwriter was issued 944,000 options with an exercise price of \$1.25 per option as part of the Lead Manager Mandate. These options will vest two years from the date the options are granted and will expire four years from the date the options are granted.

Non-executive director options - the non-executive directors were issued 1,000,000 options with an exercise price of \$1.25 per option to each of Chairman, Mark Lindh, and non-executive director, Matthew White. These options will expire two years from the quotation date.

Fair value of share options granted during the period

The fair value of the options granted during the period ended 31 December 2019 was \$0.099 (2018: N/A). Options were valued using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the assumed volatility.

Valuation input	Lead Manager	Non executive directors
Strike price (nominal value)	\$ 1.25	\$ 1.25
Current price	\$ 1.00	\$ 1.00
Time to expiration (years)	4	2
Risk free rate	1.07%	1.07%
Volatility (assumed)	25.00%	25.00%
Number of units	944,000	1,000,000
Black-Scholes valuation (per option)	\$ 0.132	\$ 0.069
Total Valuation	\$ 124,353	\$ 68,602

Movement in share options during the year

	Half Year Ended 31 December 2019		Half Year Ended 31 December 2018	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening Balance at 1 July		-		-
Options granted during the period	\$ 1.25	1,944,000	\$ -	-
Options exercised during the period	\$ -	-	\$ -	-
Options exercised during the period	\$ -	-	\$ -	-
Options forfeited during the period	\$ -	-	\$ -	-
Closing Balance	\$ 1.25	1,944,000	\$ -	-
Vested and exercisable at period end	\$ 1.25	1,000,000	\$ -	-

1,000,000 (2018: Nil) options had vested and were exercisable as at the end of the reporting period. The remaining options have not yet vested.

Share options exercised during the year

There were no share options exercised during the reporting period or the prior year.

11. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the effective tax rate for Aerometrex at 27.5% (2019: 27.5%) and the reported tax expense in the Consolidated Statement of Profit and Loss are as follows:

	Consolidated	
	Dec 2019 \$'000	Dec 2018 \$'000
(Loss) / Profit before tax	(245)	432
Domestic tax rate for Aerometrex Group	27.5%	27.5%
Expected tax expense / (refund)	(67)	119
Origination and reversal of temporary differences	59	(261)
Tax expense / (benefit)	(8)	(142)

12. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	Consolidated			
	1 Jul 2019 \$'000	Recognised in profit and loss \$'000	Recognised in equity \$'000	31 Dec 2019 \$'000
Six months ended 31 December 2019				
Non current assets				
Property, plant and equipment	447	9	-	456
Intangible assets	359	115	-	474
Current assets				
Other assets	285	47	-	332
Unused income tax losses	-	(229)	-	(229)
Non current liabilities				
Employee obligations	(26)	(8)	-	(34)
Current liabilities				
Contract liabilities	(78)	(33)	-	(111)
Employee obligations	(245)	(51)	-	(296)
Equity				
Capital Raising Costs	-	-	(429)	(429)
	742	(150)	(429)	163
Total deferred tax (assets)	(349)	(321)	(429)	(1,099)
Total deferred tax liabilities	1,091	171	-	1,262

Deferred tax liabilities in relation to the datasets (intangible assets) have been reclassified in the current period such that for the half year ended 31 December 2019 this is now recognised against the intangible assets line. In the prior reporting period, the datasets were recognised against property, plant and equipment. There is no impact to balances stated in the statement of financial position.

The company has recognised deferred tax assets on the current period tax losses as it is probable that there will be future taxable profits for the utilisation of these losses in the future.

	Consolidated		
	1 Jul 2018 \$'000	Recognised in profit and loss \$'000	30 Jun 2019 \$'000
Financial year ended 30 June 2019			
Non current assets			
Property, plant and equipment	771	7	778
Intangible assets	-	28	28
Current assets			
Other assets	181	104	285
Non current liabilities			
Employee obligations	(16)	(10)	(26)
Current liabilities			
Contract liabilities	(22)	(56)	(78)
Employee obligations	(187)	(58)	(245)
Equity			
Capital Raising Costs	-	-	-
	727	15	742
Total deferred tax (assets)	(225)	(124)	(349)
Total deferred tax liabilities	952	139	1,091

13. Interest in subsidiaries (controlled entities)

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the group		
			Dec-19	Jun-19	Dec-18
Atlass-Aerometrex Pty Ltd	Australia	Asset holding entity	100.0%	100.0%	100.0%
AMX Capital Trust	Australia	Property owner	64.4%	64.4%	64.4%
Aerometrex Ltd *	USA	Trading entity	100.0%	100.0%	100.0%

* This company has not traded to 31 December 2019.

14. Related party transactions

Equity instruments issued to directors

The following equity instruments were issued to directors during the period:

Options issued during the period under the terms and conditions as described in Note 10 Share based payments as follows:

Director	Position	Options #
Mr Mark Lindh	Chair, Non executive director	500,000
Mr Matthew White	Non executive director	500,000

Transactions with director-related entities

During the reporting period, the company used the accounting, taxation and financial controlling services of Matthew White and the accounting firm over which he exercises significant influence. The amounts billed related to the provision of services during the period and totalled \$175,477 (Dec 2018: \$82,446) were based on normal market rates and were fully paid as of the reporting date. A significant portion of this \$110,800 related to services provided in respect of the prospectus and preparing the company for becoming a public company limited by shares.

Mark Lindh is a director of Adelaide Equity Partners and a beneficiary of a trust for which shares in Adelaide Equity Partners are held. The company entered into an agreement with Adelaide Equity Partners on 26 June 2018 to provide corporate advisory and investor relations services in relation to the capitalisation requirements of the company. Adelaide Equity Partners was paid a retainer of \$7,500 per month until the Corporate Advisor Mandate was terminated in November 2019 ahead of the public listing. Total payments made during the period were \$37,500 (Dec 2018: \$47,540).

In addition, Adelaide Equity Partners received \$250,000 as a success fee in relation to the listing of the company on the Australian Securities Exchange on 10 December 2019.

Directors' Declaration



Image: Fort Denison, Sydney Harbour, Sydney

Directors' Declaration

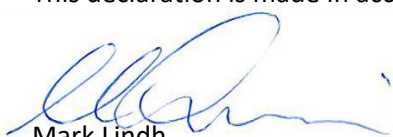
In the opinion of the Directors of Aerometrex Limited:

(a) the consolidated financial statements and notes set out on pages 11 to 28 are in accordance with the Corporations Act 2001, including:

- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Mark Lindh
Chair
Adelaide
26 February 2020

Independent Auditor's Report



Image: Story Bridge, Brisbane

Independent Auditor's Review Report

To the Members of Aerometrex Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Aerometrex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Aerometrex Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aerometrex Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

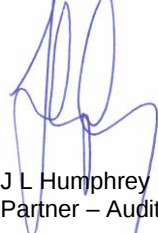
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 February 2020

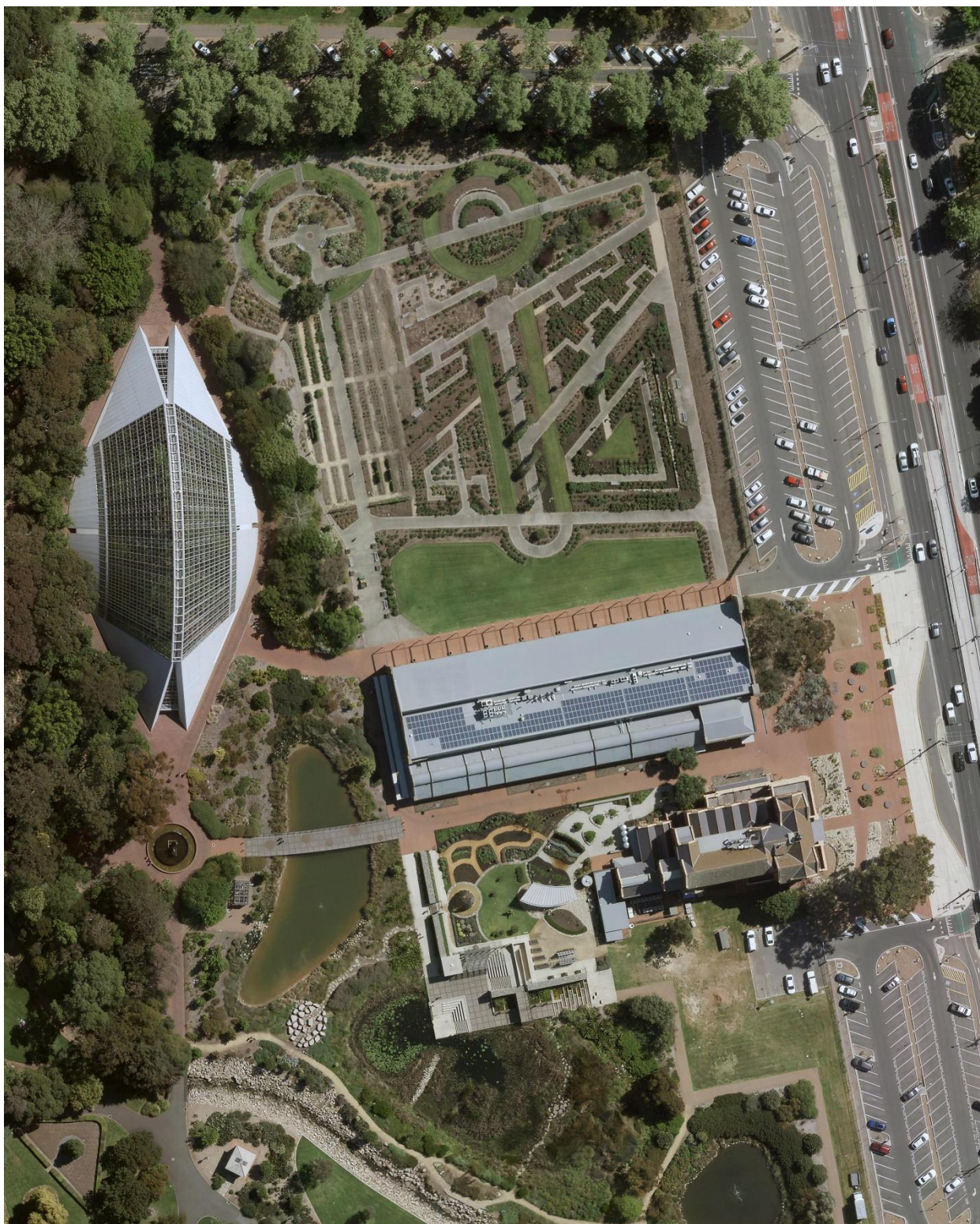


Image: Adelaide Botanical Gardens