Sensera

Sensera develops a spectrum of products across MEMS and sensors to wireless networked systems and software that drive an entire IoT platform solution for Medtech, Mining and Animal Health markets

Sensera Limited

ACN 613 509 041

Annual Report

For the year ended 30 June 2018

An Internet of Things (IOT) solution provider that delivers sensor-based products transforming real-time data into meaningful information, action and value

Sensera Unique
Technology Inside

What Sensera Customers
See Outside

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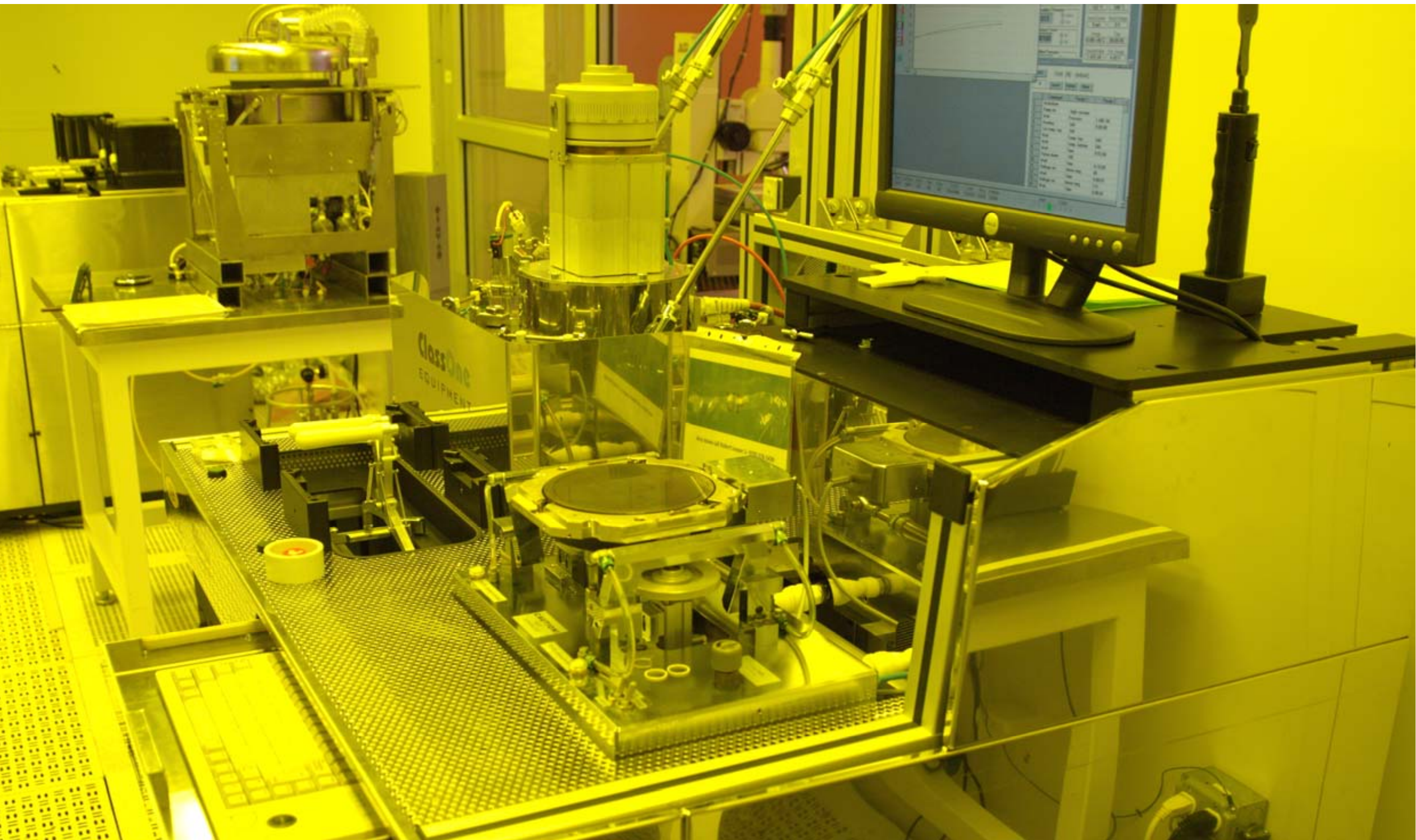

Corporate Directory

Directors

Matthew Morgan
Non-Executive Chairman

Ralph Schmitt (appointed 6 November 2017)
Managing Director

Jonathan Tooth
Non-Executive Director

George Lauro
Non-Executive Director

Camillo Martino (appointed 1 July 2018)
Non-Executive Director

Secretary

Phillip Hains

Registered office

Level 3, 62 Lygon St
Carlton VIC 3053
Australia

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Share register

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Sydney NSW 2000

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Auditor

Grant Thornton Audit Pty Ltd

Level 18, King George Central
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Brisbane QLD 4000

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Stock exchange listing

ASX: SE1

Website

http://www.sensera.com

Chairman's Letter

Dear Shareholder

I am pleased to present the Sensera Limited Annual Report for the 2018 financial year, which reflects on an important year in our Company's growth as we continue to position Sensera as an emerging leader in the rapidly growing IoT industry.

Having listed on the Australian Securities Exchange (ASX) in December 2016, the 2018 financial year represented our first full year of operations as we expanded our capabilities via organic growth and a strategic acquisition. We achieved revenue of US$6.35 million in FY18, a 420 per cent increase on the previous year demonstrating adoption of our products and services. We expect continued growth in the number of customers and revenue to support a stronger financial position over the coming 12 months.

Our acquisition of German company nanotron Technologies, a leading provider of location-awareness systems (chips, modules and proprietary software) provided Sensera with the ability to accurately measure an asset's location and movement which is a fundamental component of an effective IoT solution. The nanotron technology is a platform technology which can be deployed across multiple market sectors and incorporate sensors and software to deliver valuable insights that drive business improvement outcomes for corporate customers. The acquisition delivered immediate vertical integration, diversification of revenue by market sector and a novel IP protected position on which to build a high growth IoT enterprise.

Post the acquisition, nanotron entered an exclusive two-year supply agreement with Smartbow, an agricultural technology company which is a wholly owned subsidiary of Zoetis Inc (NYSE: ZTS) to deliver the location awareness aspect of Smartbow's farm animal health solution. During the year, this real-time location system achieved market acceptance, and we are seeing a trend towards larger installations as awareness of the technology grows. The Smartbow supply agreements are expected to have a material impact on our revenue in coming years.

Ahead of Sensera's acquisition of the business, nanotron previously sold its hardware to other companies which developed the end-user solution. In agriculture, nanotron has worked with Smartbow to develop a dairy cattle management system to manage herd health and increase dairy cattle yields. In mining collision avoidance and safety, nanotron's business model was traditionally to supply location awareness hardware and software to mining system integrators to develop specific IoT solutions. This model is now changing and Sensera intends to expand vertically into select parts of the value chain to provide a wholly-owned IoT solution which Sensera deploys and offers as a managed service rather than a capital expense.

Sensera's MicroDevices facility, which designs, manufactures and packages highly specialised complex MEMS entered a three-year supply agreement with Abiomed Inc (NASDAQ: ABMD), a US$15 billion NASDAQ-listed customer. Sensera manufactures key components for its lead product, the Impella heart pump. Our MicroDevices business is continuing to grow, with opportunities in sensors research, design and manufacture primarily in the medtech sector. The Company possesses significant capability in microfluidics and announced a relationship with Harvard University's Wyss Institute whereby Sensera will be the preferred design and manufacturing partner for products emanating from the Institute.

"Sensera is a key partner providing critical microdevice component fabrication, which enables our growing applications in precision medicine and personalized health."

- Dr. Richard Novak, Senior Staff Engineer at Harvard University's Wyss Institute for Biologically Inspired Engineering

Sensera is also working to provide solutions to industries such as mining and medtech, that will benefit from embedding sensors in our location awareness platform to record information such as temperature, gas, movement and acceleration that can then be used to deliver customer efficiencies, margin improvements, cost savings and improved safety.

We completed several capital raisings during the year, primarily to fund our acquisition of nanotron, as well as provide capacity for Sensera to pursue business development activities and research, and post year-end, we have completed an AUD8.9 million raising to make the final payment to the nanotron vendors and fund our growth in FY19. I thank our shareholders, both new and existing, for your support in these activities that have allowed us to build our business and will enable us to return greater shareholder value in years to come.

Sensera has strengthened its team over the past year, appointing Ralph Schmitt as Chief Executive Officer and Managing Director. Ralph brings decades of experience as a CEO in Silicon Valley and we look forward to him leveraging his previous success in transitioning semiconductor businesses from hardware sales to selling solutions as a service. Ralph's appointment adds to the depth of our Board's experience, with industry veterans George Lauro and recent appointment Camillo Martino, augmenting our management team's industry expertise and balancing out the corporate finance and capital markets experience that my fellow Australian director Jonathan Tooth provides.

Looking ahead to FY19, we have strong supply contracts in place to grow revenue, which we expect to increase by up to 70% within the guidance of US$10.5M to US$11.5M. We expect to achieve breakeven operations in the final quarter of FY19, which is an exciting prospect, and we will be working hard to ensure we can achieve this. We are funded for the year ahead, enabling us to meet our objectives and focus on building an IoT company at the forefront of sensor fusion solutions.

We expect to attract new customers in our lead markets, and build upon our existing technologies to create opportunities in new markets, and I look forward to sharing our successes with you in FY19.

Regards,

Matthew Morgan
Chairman
Sensera Limited

"With our technology, based on positioning and activity data, we're creating a completely new standard to give farmers worldwide a powerful solution to meet their needs today and into the future."

- Wolfgang Auer, Managing Director of Smartbow

Review of Operations

Sensera is a leading designer and manufacturer of specialised high performance microsensors and micro-fabricated components which empower customers to transform real-time data into meaningful information, action and value.

Sensera listed on ASX in December 2016 and since then has been positioning itself to become a dominant player in the rapidly growing IoT industry.

In August 2017, Sensera acquired Berlin-based nanotron Technologies, a provider of location-awareness services, specialising in the design, development and sale of chips, modules and software that enable precise real-time positioning and wireless communication.

Results and Forecast

In FY2018, Sensera achieved revenue of US$6.35 million. This represented a 420% increase over the previous year and was within the Company's financial guidance.

Sensera forecasts FY19 revenue of between US$10.5 million and US$11.5 million, a 70% growth rate, driven primarily by contracts put in place during FY18.

Sales

Sensera achieved sales growth throughout the year, building to record sales in the March quarter of US$2.2 million, up from US$575,000 in the September quarter, as the nanotron acquisition steadily built momentum. Sales stabilised in the June quarter, however cash receipts continued to grow, up to US$2.1 million with the MicroDevices business delivering the most material increase in the quarter, driven by continued migration towards production volumes and new customer acquisition.

Production

During the March quarter, Sensera increased production with a key subcontractor of radio frequency (RF) modules and anchors which allowed the operations to closely meet demand while improving gross margins.

The internal and external supply chains in both the nanotron and MicroDevices businesses matured during FY18 and have become increasingly well positioned to meet the requirements of growing commercial demand forecasted for FY19.

Sensera's microfabrication facility in Woburn, MA USA passed an annual audit and was recertified as an ISO manufacturer.

Operating Expenditure

Operating expenditure increased each quarter throughout the year. First half increases were related to the increased nanotron expenditures. Second half increases driven by product manufacturing operations and increases in staff.

The initial integration of financial and operational details into a single cloud-based software platform (ERP) across all locations started to provide increased administrative efficiency and productivity.

Capital Expenditure

Capital expenditure fluctuated through the year, with expenses relating to Sensera's microfabrication facility. In the June quarter, capital expenditure was impacted by a sale and leaseback agreement of US$1.1 million for the Company's microfabrication facility. The Company secured an additional US$1.2 million line of credit for future production equipment as part of the lease agreement. This funding further strengthened Sensera's balance sheet and will empower continued expansion of production facilities to meet customer demand and support margin growth expectations.

Sensera also negotiated a delay of the US$0.9 million payment associated with the nanotron acquisition due 1 July 2018 to 1 October 2019 in order to conserve cash for the business. It is the expectation of the company to fully complete all obligations under this agreement in Q2 FY19.

Key Milestones for FY18

Acquisition of nanotron Technologies

In August 2017, Sensera entered an agreement to acquire 100% of nanotron Technologies GmbH for total consideration of EUR6.4m (US$7.6m).

nanotron is a leading provider of location-awareness systems based in Berlin, Germany specialising in the design, development and sale of chips, modules and proprietary software that enable precise real-time positioning and concurrent wireless communication. nanotron's suite of products are the result of nearly EUR38m prior investment by European venture capital funds.

To fund the upfront cash consideration of EUR3.0m (US$3.6m) for the nanotron acquisition and to provide growth capital, Sensera completed a US$3.6m (AUD4.6m) placement to sophisticated and professional investors. The Placement comprised 14,330,000 ordinary fully paid shares at an issue of AUD0.32 per ordinary share.

On 11 October 2017, Sensera announced that nanotron had entered an exclusive Supply Agreement with Smartbow, to integrate nanotron's nanoLOC location chips, an essential component that enables Smartbow's Farm Animal Health solution into its Eartag LIFE product. The Farm Animal Health solution enabled by nanotron's nanoLOC chips aims to support Smartbow's expansion and was the result of several years of close cooperation between the companies.

The Company needed to complete various production-based requirements to commence supply in commercial volumes, including engaging with an industry-leading semi-conductor manufacturer that could produce NanoLOC chips in materially larger quantities under a customer agreed timetable. NanoLOC chips were delivered in volume from this key supplier in the agreed timeline.

In the March quarter, nanotron entered into a second exclusive Supply Agreement with Smartbow that will see nanotron exclusively deliver anchors during FY19 and FY20 to scale in concert with the shipments of Smartbow's EARTAG Life product.

Sensera completed all of the pieces of its Smartbow contractual agreements in the June quarter, by adding the software license agreement to the device and anchor agreements. This software agreement is the critical piece in making the system operate effectively for animal health installations.

US-listed company Zoetis, a global leader in animal health products and services, acquired Smartbow late in the year after an earlier partnership, and planned full-scale deployment of Smartbow's Eartag LIFE system worldwide commencing January 2019.

Meanwhile deployments are continuing and Sensera successfully completed possibly one of the largest real-time location system (RTLS) installations worldwide, being a farm in Siberia, Russia which is home to more than 5,000 animals. The Company continues to see a migration towards larger installations which is accelerating the number of tags and infrastructure, particularly in North America.

Partnership and licensing arrangement

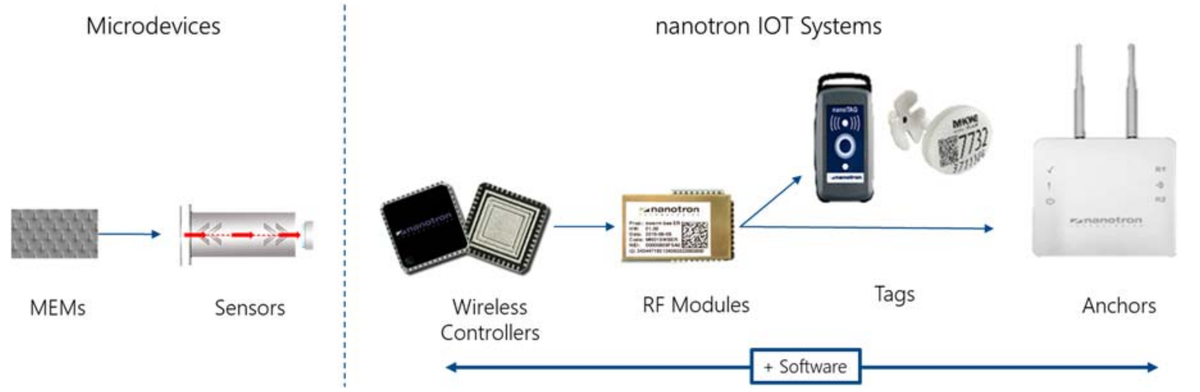
In the June quarter, nanotron entered into a co-operation and licensing deal with DecaWave, the industry leader of UWB location controllers. nanotron is licensing its patented IP (intellectual property) for DecaWave to use in its UWB location controller. This is highly valuable for Sensera as the cooperation reduces nanotron's R&D spend by not having to deliver an in-house designed UWB controller. The partnership has empowered nanotron to release UWB technology through the use of a DecaWave controller in its swarm bee family of smart RF tag-ready modules. This cuts time-to-market for customers wanting to use a highly accurate UWB solution by 9 to 12 months based on the Company's tools and infrastructure for swarm bee products.

In June, nanotron was honoured with the GEO IOT World Award for Indoor Location and Proximity services. This is a testament to the industry-leading location capability that the company has developed, with the award highlighting the innovative dual mode tag the Company is deploying in medical applications.

Sensera entered into a partnership with Clearblade in the growing segment of software during the June quarter. This IoT software platform provides the necessary infrastructure for handling cloud integration, maintenance and security functions. This is critical in an enterprise class solution. The platform is also an enabler for Location Data Analytics (LDA) which nanotron is developing. These are real-time analytics that compile location and other sensor data to provide intelligent output for the customer.

This partnership was quick to produce results, with nanotron commencing use of the ClearBlade platform before the end of June to showcase ultra-precise patient tracking across multiple operating wards in hospitals. The solution is based on a combination of chirp spread spectrum (CSS) and UWB location technologies, utilising additional information from sensors and underlying building maps. It automatically detects all pre-defined treatment events and displays them in real-time. The tag that nanotron developed for this application is the world's first integrated tag with both CSS and UWB. This implementation is in concert with the Company's strategy to offer full solutions and using the appropriate location technology for the application.

Vertical Technology Products Developed by Sensera



Mining Progress

nanotron has achieved more than 70 mining installations worldwide, driven primarily by safety requirements. One of the key drivers for growth has been to start offering more complete solutions and to migrate the use of the sensors towards Digital Mining efforts that are targeted towards productivity.

The initial tactical approach was to get deeper in the installations and System Integrators that the company was already engaged with while also expanding into new geographic markets and more deeply penetrate the 62,000 commercial mines worldwide. This effort was called the *Rapid Mining Initiative*. It engaged multiple new customer opportunities in Canada and Mexico, where nanotron will commence new installations as soon as the first quarter in FY19, adding to the Company's location awareness solutions currently deployed.

During the June quarter, Sensera announced an industry-leading longwall solution in collaboration with leading mining equipment provider Marco. The integrated solution means that the location of tagged underground equipment and mining personnel is known in real time. This improves worker safety and increases longwall operational efficiency. The Company sees scope to deploy this solution worldwide but is initially targeting existing and potential mining customers in the large Russian and Chinese markets.

Research & Development

Sensera's acquisition of nanotron accounted for much of the Company's increase in expenditure on research and development (R&D) during the year. Key areas included nanotron's third-generation chip (nanoLOX) and Location Data Analytics Software in order to further develop the software stack.

R&D increased in the second half of the year as Sensera launched the first joint sensor development between the nanotron and MicroDevices teams and undertook software development in conjunction with IoT platform partner Clearblade. The first joint sensor development between the nanotron and MicroDevices teams early in the second half of the year was directed at some of the existing customers in Mining and animal health. The company is leveraging MEMS IP to differentiate this sensor and expect to have customer samples by the second half of FY19.

In the June quarter, Sensera's next-generation radio frequency controller was in the final stages of development, requiring outside engineering resources to complete the design, layout and prepare for first silicon. Design fabrication of the next-generation nanoLOX controller is now underway. This is a cost reduction to the current nanoLOC device and will enhance functionality to target the market for autonomous smart items with precise, high-throughput real-time location and concurrent data communication.

MicroDevices

Sensera expanded its capabilities at its Woburn, MA micro-fabrication facility to include assembly and integration of complex microsystems that embed proprietary sensors used for implantable medical devices. The expanded facility allows the company to offer a more fully integrated sensor solution for key customers. The added micro-assembly capability will start generating meaningful revenue in FY19.

Three-year supply agreement with Abiomed

In November 2017, the Company entered a material three-year supply agreement with anchor MicroDevices customer, Abiomed Inc. Abiomed is a leading manufacturer of medical implant devices headquartered in Danvers, Massachusetts, USA.

This multi-year, multi-million dollar supply agreement embeds Sensera's MicroDevices services business as a key part of the supply chain for Abiomed's high-value medical devices. While the commercial terms are fixed until November 2020 and are typical of such agreements, the agreement provides for initial order quantities in the first year, volume-based pricing and joint management of rolling forecasts.

Corporate

Capital Raising

Sensera completed a placement to sophisticated and professional investors in August 2017 to raise AUD4.59 million to pay the initial consideration of EUR3.0 million (approximately AUD4.5 million) for its nanotron acquisition.

In November, Sensera completed a share placement to raise AUD7 million before costs via the issue of 23,333,333 shares to sophisticated and institutional investors at AUD0.30 share. Net proceeds of the capital raising supported investment in Sensera's business development activities, further strengthen the Company's balance sheet to fund work in progress (WIP), and research and development and vendor payments for the nanotron acquisition.

In addition to the placement shares, the Company issued 3,884,375 ordinary shares to the vendors of the nanotron business in accordance with the payment terms for the nanotron acquisition announced on 14 August 2017, and 250,000 shares were issued to nanotron Managing Director, Dr Jens Albers, in lieu of employee liabilities owed to him. Dr Albers also elected to receive the consideration for his nanotron ownership in Sensera shares, demonstrating strong alignment with Sensera shareholders.

Post year-end in August 2018, Sensera announced an AUD8.83 million capital raising, comprising:

- An AUD8.3 million underwritten 4 for 9 pro rata non-renounceable entitlement offer of 75,159,192 fully paid ordinary shares in Sensera, and
- An AUD565,000 placement of 5,136,364 fully paid ordinary shares to institutional and sophisticated investors (Institutional Placement).

The proceeds of the Institutional Placement and Entitlement Offer will be used to fund:

- The final instalment of the nanotron GmbH purchase consideration payable to the nanotron vendors;
- Working capital for business expansion.

Board and Management Changes

The Company has recruited a highly experienced global executive team with deep domain expertise.

Sensera announced the appointment of Ralph Schmitt as Managing Director in December 2017 following him joining the Company as CEO in November 2017. Ralph studied engineering at Rutgers University and went on as a CEO of multiple NASDAQ-listed companies (OCZ Storage Solutions acquired by Toshiba, PLX Technology acquired by Avago, Sipex acquired by Exar). He also previously led Sales, Marketing and Corporate Development at Cypress Semiconductor (NASDAQ: CY).

David Garrison was appointed Chief Financial Officer in December 2017. Previously, David was CFO at Tecogen Inc (NASDAQ: TGEN), a developer of on-site clean energy systems, since 2014. He has held Chief Financial Officer roles in public and private companies in the technology, medical device, defence and consumer product sectors for nearly 20 years.

Camillo Martino was appointed a Non-Executive Director of Sensera in June 2018. Camillo led wired and wireless connectivity solution provider Silicon Image for more than five years before its sale in 2015 for US$607 million. An executive advisor to high technology companies, Camillo brings decades of semiconductor and IoT industry expertise to Sensera's Board of Directors.

Post year-end, Sensera appointed Mr. Brad Sherrard as Executive Vice President of Sales effective from 1 July 2018. Brad brings meaningful experience building companies of scale in similar markets to Sensera. Most recently he was Senior Vice President of Sales at u-blox America, Inc., a fabless manufacturer of wireless and positioning semiconductors and modules and his team drove 13 years of impressive growth in revenue from a few million to well over US$100 million.

Directors Report

Your Directors present their report on the consolidated entity consisting of Sensera Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons held office as Directors of Sensera Limited during the financial year and to the date of this report:

- Matthew Morgan, Non-Executive Chairman
- Ralph Schmitt, Managing Director (appointed 6 November 2017)
- Jonathan Tooth, Non-Executive Director
- George Lauro, Non-Executive Director
- Camillo Martino, Non-Executive Director (appointed 1 July 2018)

Principal activities

Sensera Limited is a sensor-based location and situation awareness organisation that provides end-to-end sensor solutions and services in the rapidly growing world of the Internet of Things (IoT). Sensera's proprietary microsensors and sensor systems primarily serve the Animal Wellness, Mine Safety and Productivity and Healthcare markets.

Dividends

No dividends have been paid during the financial year. The Directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

Refer to the Review of operations section from page 7 to 10.

Significant changes in the state of affairs

On 23 August 2017, the Group completed the acquisition of 100% equity interest in nanotron Technologies GmbH, a leading provider of location-awareness products and services based in Berlin, Germany for a total consideration of EUR6.4 million (US$7.6 million).

Events since the end of the financial year

In September 2018, the Group completed a capital raising consisting of a placement to institutional investors and an entitlement offer to existing shareholders which raised a total of AUD8.8 million (before costs) via the issue of 80.3 million new shares at AUD0.11 per share.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Other than the information disclosed in the Review of operations on pages 7 to 10, there are no likely developments or details on the expected results of operations that Sensera has not disclosed.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

Matthew Morgan - Non-Executive Chairman

Experience and expertise	Matthew has over 11 years of executive management experience in private equity funded portfolio companies and 8 years as a venture capitalist. He is the Principal of Millers Point Company, an advisory business that provides consulting and advisory services to emerging companies with high growth or turnaround objectives. He is a former venture capitalist at Queensland Investment Corporation and is experienced in capital raisings, mergers and acquisitions and has held executive positions in a variety of private equity funded organisations. He was a co-founder of Diversa Ltd (ASX:DVA) a financial service business acquired by OneVue Holdings Ltd (ASX:OVH). Matthew holds a B.Commerce, B. AppSc and an MBA from the Queensland University of Technology. He was also the first Australian to be awarded a Kauffman Fellowship.
Other current directorships	• Leaf Resources Limited (ASX:LER) • Brain Resource Limited (ASX:BRC)
Former directorships in last 3 years	• Bluechiip Limited (appointed February 2014, resigned March 2016) • 3D Medical Limited (appointed February 2015, resigned May 2015)
Special responsibilities	Chair of the Audit and Risk Committee, and Member of the Remuneration Committee
Interests in shares	2,710,237 ordinary shares
Interests in options	-

Ralph Schmitt - Managing Director - appointed 6 November 2017	
Experience and expertise	Ralph most recently was an Executive of Toshiba America Electronic Components, Inc., where he led the development of cognitive computing software and systems to leverage the Toshiba product portfolio which includes semiconductors and storage for industrial, telecommunications, healthcare, multimedia and transportation market applications. Prior to his appointment at Toshiba, Ralph built an extensive executive career including EVP of Sales, Marketing and Business Development at Cypress Semiconductor (NASDAQ: CY), where he oversaw the acquisition of multiple companies and managed the company's revenue growth to over US$1.4 billion. After his time at Cypress, Ralph developed a record of accomplishment as a turnaround specialist and held multiple public company CEO roles. These roles included: • The turnaround, relisting and sale of Sipex Corporation (NASDAQ: SIPX) and became CEO of its acquirer Exar Corporation (NYSE: EXAR). • After Sipex, Ralph was CEO of PLX Technology (NASDAQ: PLXT), which became the global leader of PCI Express connectivity solutions, where he led the company's sale to Broadcom. • CEO of NASDAQ-listed OCZ Technology, a supplier of high performance SSD (Solid State Drive) products where he led the transition out of bankruptcy and ultimately sale to Toshiba. In addition to his executive experience, Ralph has held multiple venture capital advisory and board roles in the hardware and software sectors over the past two decades. Ralph holds a Bachelor of Science in Electrical Engineering from Rutgers University and is fluent in German.
Other current directorships	-
Former directorships in last 3 years	-
Special responsibilities	-
Interests in shares	200,000
Interests in options	3,000,000

Jonathan Tooth - Non-Executive Director

Experience and expertise	Jonathan is an experienced Director and provides strong corporate governance to the Board and support for the Non-Executive Chairman's management of Sensera, Inc. Jonathan is a Director, Corporate at Henslow and prior to Henslow, Jonathan served as Director and Head of Corporate Finance at Austock Corporate Finance Limited from 2001 to 2011. He has over 25 years of experience in corporate finance, capital raisings, placements and initial public offerings, corporate advice, and restructuring specifically in the small to middle market. Jonathan received a B.A. in Economics and Financial Studies from Macquarie University.
Other current directorships	• Vita Life Sciences Limited (ASX: VLS) • Generation Development Group Limited (ASX: GDG)
Former directorships in last 3 years	-
Special responsibilities	Chair of the Remuneration Committee, and Member of the Audit and Risk Committee,
Interests in shares	2,004,000
Interests in options	-

George Lauro - Non-Executive Director

Experience and expertise	George was appointed as a MEMS industry expert with a track record of mergers and acquisitions, and to source potential technologies for Sensera to acquire. George is an experienced technology entrepreneur, operating executive, and venture capitalist. He was Head of West Coast Technology Investing and Partner at Wasserstein Perella, a leading Wall Street private equity and leveraged buyout firm. Earlier in his career, he was Managing Director of Technology Commercialisation at IBM headquarters and began his career as an MIT Engineer, designing inertial guidance systems for spacecraft at MIT/Draper Lab while pursuing graduate studies at MIT Aero/Astro department. A technologist and prolific inventor, George has nearly two dozen patents awarded covering RFID, GPS, wireless semiconductors, and spacecraft inertial guidance systems. He has served on the Board of Directors of five publicly listed Companies and has built several companies from prototype-stage to high value exit (M&A or IPO) as an active board member and investor, many in the semiconductor and MEMSs sectors. George attended Brown University (BSEE), The Wharton School (MBA) and MIT (graduate studies Aerospace engineering).
Other current directorships	-
Former directorships in last 3 years	-
Special responsibilities	-
Interests in shares	915,755
Interests in options	-

Company secretary

Phillip Hains was appointed Company Secretary on 6 July 2016. Mr. Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr. Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Matthew Morgan	12	12	3	3	1	1
Jonathan Tooth	12	12	3	3	1	1
George Lauro	12	12	2	3	1	1
Ralph Schmitt	6	6	-	-	1	1

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Remuneration report (audited)

The Directors present the Sensera Limited 2018 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report

(b) Remuneration policy and link to performance

(c) Elements of remuneration

(d) Remuneration expenses for the year

(e) Service agreements

(f) Additional statutory information

(a) Key management personnel covered in this report

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The key management personnel of the Group for the year ended 30 June 2018:

- Matthew Morgan, Non-Executive Chairman
- Jonathan Tooth, Non-Executive Director
- George Lauro, Non-Executive Director
- Ralph Schmitt, Managing Director (appointed 6 November 2017)
- David Garrison, Chief Financial Officer (appointed 18 December 2017)

(b) Remuneration policy and link to performance

Our remuneration committee is made up of non-executive directors. The committee reviews and determines our remuneration annually to ensure it remains aligned to business needs, and meets our remuneration principles. From time to time, the committee also engages external remuneration consultants to assist with this review. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent

- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

The Group received more than 75% of favourable votes on its 2017 remuneration report. The Group did not receive any other feedback at the 2017 Annual General Meeting or throughout the year on its remuneration packages.

Figure 1: Remuneration framework

Element	Purpose	Performance metrics	Potential value	Changes for FY 2018
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate	N/A
STI	Reward for in-year performance and retention	Total shareholder return, financial and operational outcomes	CEO: 100% of base salary, CFO: 35% of base salary	N/A
LTI	Alignment to long-term shareholder value	EBITDA, Annual sales	CEO: 3,000,000 milestones shares and 3,000,000 unlisted 5-year options at AUD0.35 exercise price CFO: 1,500,000 unlisted 5-year options at AUD0.35 exercise price	N/A

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

KMP may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

(ii) Short-term incentives

The Group's CEO and CFO are entitled to short-term incentives in the form of cash bonus up to 100% and 35%, respectively of their base salary against agreed key performance indicators ("KPIs"). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and will include total shareholder return, financial and operational outcomes.

(iii) Long-term incentives

The CEO's remuneration package includes the following milestone-based share payments whereby the milestone must be achieved by the end of FY2021:

- 1,000,000 shares payable on achieving US$1m EBITDA
- 1,000,000 shares payable on achieving US$2m EBITDA
- 1,000,000 shares payable on achieving US$50m in annual sales

(d) Link between remuneration and performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over since inception as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2018	2017
Loss for the year attributable to owners	(6,769,702)	(5,331,794)
Basic loss per share (cents)	(4.51)	(5.67)

(e) Remuneration expenses for the year

The following table shows details of the remuneration expense recognised for the Group's KMP for the year to 30 June 2018 and the period 6 July 2016 to 30 June 2017 measured in accordance with the requirements of the accounting standards.

2018	**Short-term employee benefits**			**Post-employment benefits**	**Share based payments**	
	Cash salary and fees	**Cash bonus**	**Non-monetary benefits**	**Super-annuation**	**Options**	**Total**
Name	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors						
Matthew Morgan	80,646	-	-	-	-	80,646
Jonathan Tooth	27,839	-	-	-	-	27,839
George Lauro*	284,679	-	-	-	-	284,679
Ralph Schmitt	162,500	102,600	-	-	286,204	551,304
Other key management personnel						
David Garrison	111,616	39,531	-	-	117,239	268,386
Total key management personnel compensation	**667,280**	**142,131**	**-**	**-**	**403,443**	**1,212,854**

** Includes a success fee for the completion of the nanotron acquisition.*

2017	**Short-term employee benefits**			**Post-employment benefits**	**Share based payments**	
	Cash salary and fees	**Cash bonus**	**Non-monetary benefits**	**Super-annuation**	**Options**	**Total**
Name	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors						
Matthew Morgan	122,525	-	-	-	-	122,525
Jonathan Tooth	24,882	-	-	-	-	24,882
George Lauro	74,459	-	-	-	-	74,459
Total key management personnel compensation	**221,866**	**-**	**-**	**-**	**-**	**221,866**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2018	2017	**2018**	2017	**2018**	2017
Name	**%**	%	**%**	%	**%**	%
Executive Directors						
Matthew Morgan	**100**	100	**-**	-	**-**	-
Jonathan Tooth	**100**	100	**-**	-	**-**	-
George Lauro	**100**	100	**-**	-	**-**	-
Ralph Schmitt	**29**	-	**19**	-	**52**	-
Other key management personnel						
David Garrison	**42**	-	**15**	-	**44**	-

(f) Service agreements

Name:	Matthew Morgan
Title:	Non-Executive Chairman
Term of agreement:	Unspecified
Notice period:	Unspecified
Details:	AUD90,000 per annum including director and consulting fees, effective 1 December 2017

Name:	Jonathan Tooth
Title:	Non-Executive Director
Term of agreement:	Unspecified for director position
Notice period:	Unspecified
Details:	AUD36,000 per annum including director fees, to be reviewed 1st quarter 2018 and effective 1 July 2018

Name:	George Lauro
Title:	Non-Executive Director
Term of agreement:	Unspecified for director position
Notice period:	Unspecified
Details:	AUD60,000 per annum including director and consulting fees, effective 1 December 2017

Name:	Ralph Schmitt
Title:	Managing Director
Term of agreement:	Indefinite until terminated pursuant to Termination Clause
Notice period:	30 days by either party
Details:	US$300,000 per annum including director fee, effective 6 November 2017

Name:	David Garrison
Title:	Chief Financial Officer
Term of agreement:	Indefinite until terminated pursuant to Termination Clause
Notice period:	Unspecified
Details:	US$210,000 per annum, effective 18 December 2017

(g) Additional statutory information

(i) Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	% Vested
30-Nov-17	6-Nov-17	29-Nov-22	AUD 0.350	AUD 0.2328	100%
30-Nov-17	6-Nov-18	29-Nov-22	AUD 0.350	AUD 0.2328	-
30-Nov-17	6-Nov-19	29-Nov-22	AUD 0.350	AUD 0.2328	-
30-Nov-17	6-Nov-20	29-Nov-22	AUD 0.350	AUD 0.2328	-
8-Dec-17	8-Dec-17	17-Dec-22	AUD 0.350	AUD 0.1997	100%
8-Dec-17	8-Dec-18	17-Dec-22	AUD 0.350	AUD 0.1997	-
8-Dec-17	8-Dec-19	17-Dec-22	AUD 0.350	AUD 0.1997	-
8-Dec-17	8-Dec-20	17-Dec-22	AUD 0.350	AUD 0.1997	-

(ii) Reconciliation of equity held by KMP

Option and rights holdings

2018	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Name	#	#	#	#	#	#	#
Ralph Schmitt							
- Options	-	3,000,000	-	-	3,000,000	750,000	2,250,000
Dave Garrison							
- Options	-	1,500,000	-	-	1,500,000	375,000	1,125,000

Share holdings

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / Other movements	Balance at the end of the year
Name	#	#	#	#	#
Ordinary shares					
Matthew Morgan	2,410,000	-	300,237	-	2,710,237
Jonathan Tooth	1,204,000	-	1,000,000	-	2,004,000
George Lauro	750,000	-	165,755	-	915,755
Ralph Schmitt	-	-	200,000	-	200,000

(iii) Loans to key management personnel

There have been no loans made to key management personnel, including all Directors of the Group or their close family members and entities related to them, during the financial year.

(iv) Other transactions with key management personnel

During the financial year, the Company entered into a contract with an associated entity of a director of Sensera Limited for share placement and investor relations service. A total amount of US$270,871 has been recognised to the Group's profit and loss during the period in relation to these services, none of which has been paid to the related director in any form.

[End of remuneration report]

Shares under option

(a) Unissued ordinary shares

Unissued ordinary shares of Sensera Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares (AUD)	Number under option
26-Apr-17	25-Apr-19	$0.40	750,000
26-Apr-17	25-Apr-20	$0.50	1,750,000
30-Nov-17	29-Nov-22	$0.35	3,000,000
8-Dec-17	15-Aug-20	$0.40	1,500,000
8-Dec-17	17-Dec-22	$0.35	1,500,000
			8,500,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

3,000,000 options were granted to one Director of the Company during and since the end of the financial year.

(b) Shares issued on the exercise of options

No ordinary shares of Sensera Limited were issued during the year ended 30 June 2018 on the exercise of options granted.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Sensera Limited paid a premium of AUD48,000 to insure the Directors and secretaries of the Company and its controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Sensera Limited has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from Sensera Limited's breach of their agreement. The indemnity stipulates that Sensera Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services provided during the year are set out below.

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2018	2017
	US$	US$
Other assurance services		
Total remuneration for other assurance services	**-**	-
Taxation services		
Grant Thornton Audit Pty Ltd firm and its related entities:		
Tax compliance services	**2,216**	7,540
Total remuneration for taxation services	**2,216**	7,540
Other services		
Grant Thornton Audit Pty Ltd firm and its related entities and other Grant Thornton network firms:		
Consulting services	**4,293**	68,984
Total remuneration for other services	**4,293**	68,984
Total remuneration for non-audit services	**6,509**	76,524

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

Corporate governance statement

In accordance with ASX listing Rule 4.10.3, the Company's 2018 Corporate Governance Statements can be found on its website http://www.sensera.com.

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

Matthew Morgan
Director

Brisbane
28 September 2018

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Sensera Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Sensera Limited for the year ended 30 June 2018, 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 audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner - Audit & Assurance

Brisbane, 28 September 2018

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Notes	30 June 2018 US$	30 June 2017 US$
Revenue	2	**6,350,113**	1,219,788
Cost of sales	3(a)	**(3,072,927)**	(1,534,292)
Gross Profit/(loss)		**3,277,186**	(314,504)
Other income	3(b)	**134,282**	1,755
Other expenses from ordinary activities			
Selling and marketing	3(a)	**(410,525)**	(344,251)
General and administration	3(a)	**(8,531,059)**	(4,044,779)
Internal research and development	3(a)	**(1,239,586)**	(630,015)
Loss before income tax		**(6,769,702)**	(5,331,794)
Income tax expense	4	**-**	-
Loss for the year		**(6,769,702)**	(5,331,794)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	7(b)	**76,603**	309,101
Total comprehensive loss for the year		**(6,693,099)**	(5,022,693)

		US cents	US cents
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share	20	**(4.51)**	(5.67)
Diluted loss per share	20	**(4.51)**	(5.67)

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

Consolidated statement of financial position

As at 30 June 2018

	Notes	30 June 2018 US$	30 June 2017 US$
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	**2,030,566**	4,049,772
Trade and other receivables	5(b)	**976,708**	100,813
Inventories	6(a)	**447,696**	356,491
Other current assets	6(b)	**749,748**	89,063
Total current assets		**4,204,718**	4,596,139
Non-current assets			
Property, plant and equipment	6(c)	**780,869**	806,666
Intangible assets	6(d)	**9,045,073**	11,945
Total non-current assets		**9,825,942**	818,611
Total assets		**14,030,660**	5,414,750
LIABILITIES			
Current liabilities			
Trade and other payables	5(c)	**3,590,087**	374,435
Employee benefit obligations		**83,547**	30,860
Provisions	6(e)	**472,460**	-
Deferred revenue	6(f)	**643,113**	-
Total current liabilities		**4,789,207**	405,295
Non-current liabilities			
Deferred tax liabilities		**913,875**	-
Total liabilities		**5,703,082**	405,295
Net assets		**8,327,578**	5,009,455
EQUITY			
Contributed equity	7(a)	**20,237,536**	10,793,542
Reserves	7(b)	**191,538**	(452,293)
Accumulated losses		**(12,101,496)**	(5,331,794)
Total equity		**8,327,578**	5,009,455

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

Consolidated statement of changes in equity

For the year ended 30 June 2018

	Notes	Contributed equity US$	Reserves US$	Accumulated losses US$	Total US$
Balance at 6 July 2016		-	-	-	-
Loss for the period		-	-	(5,331,794)	(5,331,794)
Other comprehensive income		-	309,101	-	309,101
Total comprehensive income for the period		**-**	**309,101**	**(5,331,794)**	**(5,022,693)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		10,793,542	-	-	10,793,542
Common control reserve		-	(1,208,466)	-	(1,208,466)
Options issued		-	447,072	-	447,072
Balance at 30 June 2017		**10,793,542**	**(452,293)**	**(5,331,794)**	**5,009,455**
Balance at 1 July 2017		10,793,542	(452,293)	(5,331,794)	5,009,455
Loss for the year		-	-	(6,769,702)	(6,769,702)
Other comprehensive income		-	76,603	-	76,603
Total comprehensive income for the year		**-**	**76,603**	**(6,769,702)**	**(6,693,099)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		9,443,994	-	-	9,443,994
Options issued		-	567,228	-	567,228
Balance at 30 June 2018		**20,237,536**	**191,538**	**(12,101,496)**	**8,327,578**

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

Consolidated statement of cash flows

For the year ended 30 June 2018

	Notes	30 June 2018 US$	30 June 2017 US$
Cash flows from operating activities			
Receipts from customers		**5,540,174**	512,246
Payments to suppliers and employees		**(11,646,230)**	(4,983,129)
Interest received		**-**	1,754
Net cash outflow from operating activities	8(a)	**(6,106,056)**	(4,469,129)
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired		**(4,195,307)**	-
Payments for property, plant and equipment and other assets		**(1,321,796)**	(857,474)
Proceeds from sale of property, plant and equipment		**1,111,635**	-
Net cash outflow from investing activities		**(4,405,468)**	(857,474)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**8,931,207**	9,869,784
Transaction costs related to issue of shares		**(557,632)**	(802,510)
Net cash inflow from financing activities		**8,373,575**	9,067,274
Net (decrease) increase in cash and cash equivalents		**(2,137,949)**	3,740,671
Cash and cash equivalents at the beginning of the financial year		**4,049,772**	-
Effects of exchange rate changes on cash and cash equivalents		**118,743**	309,101
Cash and cash equivalents at end of year	5(a)	**2,030,566**	4,049,772

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

Notes to the consolidated financial statements

1 Segment information

(a) Description of segments and principal activities

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer, under the advisement of the full Board of Directors, that are used to make strategic decisions.

Management considers the business from both a product/service and a geographic perspective and has identified two reportable segments, including:

- MicroDevices, representing the integrated, fast turnaround client-specific designing and manufacturing of specialised high performance microsensors and micro-fabricated components based in Boston, United States.
- Locationaware IoT Solutions ("nanotron"), representing the embedded location platform which delivers location-awareness for safety and productivity solutions across industrial and consumer markets. The platform consists of chips, modules and software that enable precise real-time positioning and concurrent wireless communication. The ubiquitous proliferation of interoperable platforms is creating the location-aware Internet of Things. The nanotron business segment bases in Berlin, Germany.

In prior reporting periods, prior to the acquisition of the nanotron business, there was only one reportable segment under AASB 8 *Operating Segments*.

(b) Financial breakdown

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 30 June 2018 is as follows:

2018	USA MicroDevices US$	Germany nanotron US$	Total US$
Total segment revenue	1,947,255	4,402,858	6,350,113
Segment adjusted EBITDA	(3,708,858)	(1,003,564)	(4,712,422)
Corporate	-	-	(1,776,197)
Total adjusted EBITDA	**(3,708,858)**	**(1,003,564)**	**(6,488,619)**
Depreciation and amortisation	(203,741)	(77,342)	(281,083)
Net loss for the year	**(3,912,599)**	**(1,080,906)**	**(6,769,702)**
Segment assets	3,022,505	10,833,632	13,856,137
Corporate	-	-	174,523
Total assets	3,022,505	10,833,632	14,030,660
Segment liabilities	(729,558)	(4,952,464)	(5,682,022)
Corporate	-	-	(21,060)
Total liabilities	(729,558)	(4,952,464)	(5,703,082)

(c) Other segment information

During the year ended 30 June 2018, 29% of the Group's revenue was contributed by one major customer, who contributed to more than 10% of the Group's revenue in the reporting period.

2 Revenue

The Group derives the following types of revenue:

	30 June 2018	30 June 2017
	US$	US$
Sale of goods	**4,400,511**	312,846
Services	**1,949,602**	906,942
	6,350,113	1,219,788

(a) Recognising revenue from major business activities

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Sale of goods

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.

(ii) Provision of services

Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately through the consolidated statement of profit or loss and other comprehensive income.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Critical judgements in calculating amounts

Revenue relating to the provision of services is recognised based on Management's best estimation of the forecast of final cost required to complete the service and the forecast of final margin to be recognised. Management reviews these forecasts on a regular basis and adjusts revenue recognised when there are material changes.

3 Other operating income and expense items

(a) *Break down of expenses by nature*

	30 June 2018	30 June 2017
	US$	US$
Employee related expenses	**307,504**	270,235
Materials and consumables used	**2,502,223**	877,820
Other costs	**263,200**	386,237
Cost of sales	**3,072,927**	1,534,292
Marketing consultants	**273,015**	272,705
Travelling expenses	**123,557**	57,820
Business development expenses	**13,953**	13,726
Selling and marketing	**410,525**	344,251
Employee related expenses	**4,453,794**	1,628,673
Rent and occupancy costs	**894,648**	556,399
Accounting, audit, legal and taxation expenses	**428,687**	293,015
Investor relation expenses	**287,180**	503,994
Other consulting expenses	**786,142**	475,499
Insurance expenses	**92,485**	45,534
Depreciation expenses	**281,328**	50,808
Impairment expenses	**408,681**	-
Other expenses	**898,114**	490,857
General and administration	**8,531,059**	4,044,779
Internal research and development	**1,239,586**	630,015
Internal research and development	**1,239,586**	630,015
Total cost of sales and other operating expenses	**13,254,097**	6,553,337

(b) *Other income and costs*

	30 June 2018	30 June 2017
	US$	US$
Other income	**134,282**	1,755
Other income	**134,282**	1,755

There have been no finance costs incurred during the reporting year.

4 Income tax expense

(a) Income tax expense

	30 June 2018	30 June 2017
	US$	US$
Income tax expense	**-**	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2018	30 June 2017
	US$	US$
Loss from continuing operations before income tax expense	**(6,769,702)**	(5,331,794)
Tax at the Australian tax rate of 27.5%	**(1,861,668)**	(1,466,243)
Tax effect of amounts which are not deductible (taxable)		
in calculating taxable income:		
Bad debts expense	**(1,788)**	-
Share-based payments	**173,949**	132,543
Other non-deductible expenses	**4,256**	169,014
Subtotal	**(1,685,251)**	(1,164,686)
Effect of different tax rates of subsidiaries operating in other taxation jurisdictions	**(318,198)**	(302,732)
Future tax benefits not recognised as an asset	**2,003,449**	1,467,418
Income tax expense	**-**	-

The weighted average effective tax rate of the Group for the financial year was nil%.

(c) Tax losses

	30 June 2018	30 June 2017
	US$	US$
Unused tax losses for which no deferred tax asset has been recognised	**10,495,105**	4,366,921
Potential tax benefit	**3,470,866**	1,467,418

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	30 June 2018	30 June 2017
	US$	US$
Current assets		
Cash at bank and in hand	**2,030,566**	4,049,772

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	30 June 2018	30 June 2017
	US$	US$
Balances as above	**2,030,566**	4,049,772
Balances per consolidated statement of cash flows	**2,030,566**	4,049,772

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 22(i) for the Group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The Group's exposure to interest rate risk is discussed in note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other receivables

	30 June 2018			30 June 2017		
	Current	Non-current	Total	Current	Non-current	Total
	US$	US$	US$	US$	US$	US$
Trade receivables	**987,938**	-	**987,938**	63,270	-	63,270
Other receivables	**9,701**	-	**9,701**	-	-	-
Accrued income	-	-	-	64,043	-	64,043
Provision for impairment of receivables (see note 10(b))	**(20,931)**	-	**(20,931)**	(26,500)	-	(26,500)
	976,708	-	**976,708**	100,813	-	100,813

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for (i) settlement in accordance with the milestones specified in the non-recurring engineering (NRE) contracts with customers, and (ii) settlement for goods delivered to customers, which are both typically less than one year and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 10(b) and 22(j) respectively.

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(iii) Accrued income

Accrued income represents the expected recoverable amount of revenue from NRE services rendered by the Group. Refer to note 2(a)(ii) for further details.

(iv) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 10(a) and 10(b).

(c) Trade and other payables

	30 June 2018	30 June 2017
	US$	US$
Current liabilities		
Trade payables*	**822,917**	156,368
Other payables	**354,770**	-
Accrued expenses**	**2,412,400**	218,067
	3,590,087	374,435

** The balance as at 30 June 2018 includes US$13,415 (2017: US$18,647) due to Director related parties of the Group.*

*** The balance as at 30 June 2018 includes US$2,271,736 being deferred consideration for the nanotron acquisition - refer to note 12.*

Trade and other payables are unsecured and are usually paid within 30 to 60 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

(i) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 10.

(d) Recognised fair value measurements

(i) Fair value hierarchy

The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

In 2018 and 2017, none of the Group's assets and liabilities had their fair value determined using the fair value hierarchy. No transfers between the levels of the fair value hierarchy occurred during the current or previous years.

6 Non-financial assets and liabilities

(a) *Inventories*

	30 June 2018	30 June 2017
	US$	US$
Current assets		
Raw materials and stores	**35,125**	-
Work in progress	**152,344**	580,229
Finished goods	**260,227**	-
Provision for loss-making contracts	**-**	(223,738)
	447,696	356,491

(i) *Assigning costs to inventories*

Inventories are measured at the cost of manufactured products including direct materials, direct labour and an appropriate portion of variable and fixed overheads.

Costs incurred in the rendering of NRE services are measured at the cost of direct labour, direct materials (including consumables) and an appropriate portion of variable and fixed overheads. These costs are recognised on the basis that they are recoverable.

(b) *Other current assets*

	30 June 2018	30 June 2017
	US$	US$
Current assets		
Prepayments	**456,110**	69,797
Others	**293,638**	19,266
	749,748	89,063

(c) Property, plant and equipment

	R&D equipment	Furniture and fixtures	Leasehold improvements	Other fixed assets	Total
	US$	US$	US$	US$	US$
At 6 July 2016					
Cost or fair value	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-
Period ended 30 June 2017					
Additions	780,904	20,765	35,146	20,659	857,474
Depreciation charge	(45,026)	(863)	(979)	(3,940)	(50,808)
Closing net book amount	735,878	19,902	34,167	16,719	806,666
At 30 June 2017					
Cost or fair value	780,904	20,765	35,146	20,659	857,474
Accumulated depreciation	(45,026)	(863)	(979)	(3,940)	(50,808)
Net book amount	735,878	19,902	34,167	16,719	806,666
At 1 July 2017					
Cost or fair value	780,904	20,765	35,146	20,659	857,474
Accumulated depreciation	(45,026)	(863)	(979)	(3,940)	(50,808)
Net book amount	735,878	19,902	34,167	16,719	806,666
Year ended 30 June 2018					
Opening net book amount	735,878	19,902	34,167	16,719	806,666
Exchange differences	-	-	-	225	225
Increase from business combination	-	-	-	25,881	25,881
Additions	621,930	-	25,148	618,911	1,265,989
Disposals	(1,036,809)	-	-	-	(1,036,809)
Depreciation charge	(178,929)	(4,153)	(9,627)	(88,374)	(281,083)
Closing net book amount	142,070	15,749	49,688	573,362	780,869
At 30 June 2018					
Cost or fair value	366,025	20,765	60,294	665,922	1,113,006
Accumulated depreciation	(223,955)	(5,016)	(10,606)	(92,560)	(332,137)
Net book amount	142,070	15,749	49,688	573,362	780,869

(i) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- R&D equipment 6 years
- Furniture and fixtures 5 years
- Leasehold improvements 5 years
- Other fixed assets 3 years

See note 22(l) for the other accounting policies relevant to property, plant and equipment.

(d) Intangible assets

Non-current assets	**Goodwill** US$	**Capitalised development costs** US$	**Total** US$
Year ended 30 June 2018			
Opening net book amount	-	11,945	11,945
Additions	-	55,563	55,563
Acquisition of business (note 12)	5,959,850	3,473,167	9,433,017
Exchange differences	-	(48,061)	(48,061)
Impairment expense	-	(407,391)	(407,391)
Closing net book amount	5,959,850	3,085,223	9,045,073

Refer to note 9 and 12.

(e) Provisions

		30 June 2018			30 June 2017		
		Current	**Non-current**	**Total**	Current	Non-current	Total
	Notes	**US$**	**US$**	**US$**	US$	US$	US$
Licensing product reserve	6(e)(i)	**132,566**	-	**132,566**	-	-	-
Other provisions		**339,894**	-	**339,894**	-	-	-
		472,460	-	**472,460**	-	-	-

(i) Information about individual provisions and significant estimates

Licensing product reserve

Provision is made for the estimated liability in respect of products related licensing in which the licensee is in transition. This provision is expected to be settled in the next financial year.

(ii) Movements in provisions

2018	Service warranties US$	Other US$	Total US$
Carrying amount at the start of the year	-	-	-
Movement	(366,362)	(9,982)	(376,344)
Acquired through business combination	498,928	349,876	848,804
Carrying amount at end of year	132,566	339,894	472,460

(f) Deferred revenue

	30 June 2018			30 June 2017		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	US$	**US$**	**US$**	US$	US$	US$
Other deferred income	643,113	-	643,113	-	-	-
	643,113	-	643,113	-	-	-

Deferred revenue relates to receipts in customers received for goods and services to be delivered and rendered by the nanotron business.

7 Equity

(a) Contributed equity

	Notes	**30 June 2018 Shares**	30 June 2017 Shares	**30 June 2018 US$**	30 June 2017 US$
Ordinary shares					
Ordinary shares - fully paid	7(a)(i), 7(a)(ii)	**163,971,878**	122,100,000	**20,237,536**	10,793,542
Total contributed equity		**163,971,878**	122,100,000	**20,237,536**	10,793,542

(i) Movements in ordinary share:

Details	No. of Shares	US$
Balance 6 July 2016	-	-
Issue of shares to founders	35,125,000	2,663
Issue of shares to Triton Inc. as consideration for the acquisition of Sensera Inc.	14,875,000	1,691,366
Issue of shares to sophisticated and institutional investors	22,000,000	2,668,284
Less: transaction costs	-	(146,756)
Issue of shares from Initial Public Offering	50,000,000	7,201,500
Less: transaction costs	-	(655,754)
Issue of shares to a consultant for service rendered	100,000	32,239
Balance 30 June 2017	**122,100,000**	**10,793,542**
Issue of ordinary shares to sophisticated and professional investors	14,330,000	3,621,707
Less: transaction costs	-	(256,495)
Issue of ordinary shares to sophisticated and professional investors	23,333,333	5,309,500
Less: transaction costs	-	(301,136)
Commitment to issue ordinary shares to nanotron vendors as part of the 2nd instalment	3,975,952	1,009,272
Issue of shares to a consultant for service rendered	232,593	61,146
Balance 30 June 2018	**163,971,878**	**20,237,536**

(ii) Ordinary shares

Ordinary shares have no par value. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company does not have a limited amount of authorised capital.

(b) Reserves

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below the table.

	Common control reserve	Share- based payments	Foreign currency translation	Total
	US$	US$	US$	US$
Balance at 6 July 2016	-	-	-	-
From business combination	(1,208,466)	-	-	(1,208,466)
Currency translation differences in current period	-	-	309,101	309,101
Share-based payment expenses	-	447,072	-	447,072
At 30 June 2017	**(1,208,466)**	**447,072**	**309,101**	**(452,293)**
Currency translation differences in current period	-	-	76,603	76,603
Share-based payment expenses	-	567,228	-	567,228
At 30 June 2018	**(1,208,466)**	**1,014,300**	**385,704**	**191,538**

(i) Common control reserve

Recognises amounts arising from the business combination between Sensera Limited and Sensera Inc. under the pooling of interest method.

(ii) Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees and consultants but not exercised
- the grant date fair value of shares issued to employees and consultants
- the grant date fair value of deferred shares granted to employees and consultants but not yet vested

Details	**No. of options**	**US$**
Balance 6 July 2016	-	-
Issue of options to consultants	3,000,000	447,072
Balance 30 June 2017	**3,000,000**	**447,072**
Issue of options to CEO as part of remuneration	3,000,000	286,204
Issue of options to consultants	1,500,000	163,785
Issue of options to CFO as part of remuneration	1,500,000	117,239
Options lapsed	(500,000)	-
Balance 30 June 2018	**8,500,000**	**1,014,300**

During the year, the Group issued the following options to its consultants. For further details, see note 18.

Date	Details	No.	Total fair value US$
30-Nov-17	Issue of options to CEO as part of remuneration	3,000,000	286,204
08-Dec-17	Issue of options to consultants	1,500,000	163,785
15-Jun-18	Issue of options to CFO as part of remuneration	1,500,000	117,239
		6,000,000	567,228

(iii) Foreign currency translation

Recognises foreign exchange differences arising from the translation of operations into United States dollars.

8 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	30 June 2018	30 June 2017
	US$	US$
Loss for the period	**(6,769,702)**	(5,331,794)
Adjustment for		
Depreciation and amortisation	**281,083**	50,808
Impairment expense	**407,391**	-
Gain on sale of property, plant and equipment	**(73,290)**	-
Start-up costs	**-**	482,900
Provision for bad debt and inventory	**(229,307)**	-
Share-based payments	**632,780**	481,975
Change in operating assets and liabilities:		
(Increase) in trade debtors	**(800,140)**	(100,813)
Decrease/(Increase) in inventories	**642,595**	(356,491)
(Increase) decrease in other operating assets	**(400,690)**	(89,063)
(Decrease)/increase increase in trade creditors	**(127,552)**	362,488
(Decrease)/increase in other operating liabilities	**330,776**	30,861
Net cash inflow (outflow) from operating activities	**(6,106,056)**	(4,469,129)

(b) Non-cash investing and financing activities

During the year ended 30 June 2018, the Group had US$1,009,273 in non-cash investing activities in relation to the ordinary shares issued as part of the consideration in the nanotron acquisition (2017: nil).

During the year ended 30 June 2018, the Group had no non-cash financing activities. For the period ended 30 June 2017, the Group the following non-cash financing activities:

- Issue of shares to Triton Inc. as consideration for the acquisition of Sensera Inc. - see note 7(a)(i).
- Issue of shares to consultants in exchange for service - see note 7(a)(i).

9 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of revenue relating the provision of services - see note 2(b) for further details.
- Valuation of share-based payment expense - the value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares. Refer to note 18 for more details.
- Impairment of intangibles - The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The following key assumptions are used:
  - Discount rate is the Weighted Average Cost of Capital for the Sensera Group - estimated at 21% per annum.
  - Revenue growth rate of 50% per annum from FY19 to FY23, generating an annual gross margin of 45%.
  - Terminal value is calculated based on a growth rate of 1% per annum.

The Group has performed sensitivity analysis in which revenue growth rate was reduced, along with corresponding impact on overheads required and concluded that there was no impairment.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

10 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current period profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management's assessment and control
Market risk - foreign exchange	Transactions denominated in AUD and EUR from the Group's operations	Cash flow forecasting	Management engaged FX expert to receive advices and forecasts on the movement of exchange rates between AUD, EUR and US$ to form decision on entering into forward contracts to hedge its exposure to foreign exchange fluctuation. As at and for the year ended 30 June 2018, no contracts have been entered.
	Translation of the Group's operations to US$ upon consolidation	N/A	N/A
Credit risk	Receivables from Non-Recurring Engineering contracts which are only collectible upon completion of milestones specified in the contracts	Cash flow forecasting	Management works closely with its key customers to ensure that milestones are achieved in a timely manner in order to receive payments for services provided.
Liquidity risk	Ability to repay creditors when payments are due	Cash flow forecasting	Management reviews the Group's cash position and run rate (versus budget) on a monthly basis to ensure payments are made when they fall due.

The Group's financial risk management is carried out by the Board of Directors and the Group's senior management team in identifying, evaluating and hedging financial risks (if required) in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	30 June 2018	30 June 2017
	US$	US$
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in general and administration expenses	**(32,354)**	(384,378)
Net gain/(losses) recognised in other comprehensive income (note 7(b))		
Net foreign currency gain/(loss) from translation of foreign entity	**76,603**	309,101

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from AUD and EUR denominated financial instruments and the impact on other components of equity arises from the translation of foreign entity financial statements into US$.

	Impact on post-tax profit		Impact on other components of equity	
	2018	2017	2018	2017
Index	**US$**	**US$**	**US$**	**US$**
US$/AUD exchange rate - change by 2%	**35,524**	4,653	**35,524**	6,272
US$/EUR exchange rate - change by 2%	**21,618**	-	**21,618**	-

Holding all other variables constant

(b) Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers who are public and private organisations in the technology industry, including outstanding receivables.

(i) Risk management

Cash and cash equivalents are held at reputable banks and financial institutions in Australia, Germany and the United States.

The Group's customer base consists of public sectors, listed companies in the United States and large and reputable private entities. Management maintain a close relationship with its customer executives and senior management to ensure that milestones specified in the contracts are met on a timely manner. Management updates its cost forecast on a regular basis for all on-going contracts. In the event of total forecasted costs exceeding total forecasted revenue, a provision for onerous contract is provided and charged to the Group's profit or loss for the period. For the year ended 30 June 2018, the Group has provided for US$20,931 in relation to onerous contracts (2017: US$26,500).

(ii) Past due but not impaired

As at 30 June 2018, there were no trade receivables which were past due but not impaired.

(c) Liquidity risk

(i) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	US$	US$	US$	US$	US$	US$
At 30 June 2018						
Trade payables	**822,917**	-	-	-	**822,917**	**822,917**
	822,917	-	-	-	**822,917**	**822,917**
At 30 June 2017						
Trade payables	156,368	-	-	-	156,368	156,368
	156,368	-	-	-	156,368	156,368

11 Capital management

(a) Risk management

The Group's objectives when managing capital are to;

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Group’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

As at 30 June 2018, the Group had no external debt outstanding.

(b) Dividends

There have been no dividends declared or paid during the financial year (2017: US$nil). The Group’s franking account balance remained as US$nil at 30 June 2018 (2017: US$nil).

12 Business combination

(a) Summary of acquisition

On 23 August 2017, the parent entity completed the acquisition of 100% of equity interest in nanotron Technologies GmbH, a location-awareness solution provider based on Berlin, Germany.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	US$
Purchase consideration	
Cash paid	**4,441,875**
Ordinary shares issued	**1,009,272**
Deferred cash payments	**2,271,736**
Total purchase consideration	**7,722,883**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value US$
Cash	**246,568**
Trade and other receivables	**70,185**
Inventories	**510,063**
Other current assets	**259,994**
Plant and equipment	**25,881**
Capitalised development costs	**3,473,167**
Trade and other payables	**(142,948)**
Deferred income	**(837,482)**
Deferred tax liability	**(913,875)**
Other liabilities	**(928,520)**
Net identifiable assets acquired	**1,763,033**
Add: goodwill	**5,959,850**
Net assets acquired	**7,722,883**

(i) Revenue and loss contribution

The acquired business contributed revenues of US$4,402,858 and net loss of US$1,080,906 to the group for the period from 23 August 2017 to 30 June 2018.

If the acquisition had occurred on 1 July 2017, the contribution to the group's consolidated revenue and consolidated loss for the year ended 30 June 2018 would have been US$5,283,430 and US$1,297,087, respectively.

(ii) Goodwill

Goodwill of US$5,959,850 is primarily related to growth expectations, expected future profitability, existing and potential sale pipeline and opportunities. Goodwill has been allocated to a cash-generating unit. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

(b) Purchase consideration - cash outflow

	30 June 2018 US$	30 June 2017 US$
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**4,441,875**	-
Less: balances acquired		
Cash	**(246,568)**	-
Outflow of cash - investing activities	**4,195,307**	-

Acquisition-related costs

Acquisition-related costs of US$412,262 are included in general and administration expenses on the consolidated statement of profit or loss and other comprehensive income, and in operating cash flows in the consolidated statement of cash flows.

13 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2018 %	Ownership interest held by the group 2017 %	Ownership interest held by non-controlling interests 2018 %
Sensera Inc.	United States	100	100	-
nanotron Technologies GmbH	Germany	100	-	-

Name of entity	Ownership interest held by non-controlling interests 2017 %	Principal activities
Sensera Inc.	100.0	Design and manufacture of specialised high performance microsensors and MEMS
nantron Technologies GmbH	-	Provide electronic location awareness solutions

14 Contingent liabilities and contingent assets

The Group had no contingent liabilities at 30 June 2018. (2017: US$Nil)

15 Commitments

(a) Capital commitments

The Group has no capital commitments as at 30 June 2018. (2017: US$Nil)

(b) Non-cancellable operating leases

As 30 June 2018, the Group had the following non-cancellable operating lease contracted but not capitalised in the financial statements:

	30 June 2018	30 June 2017
	US$	US$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**1,204,340**	427,677
Later than one year but not later than five years	**787,933**	-
Later than five years	**-**	-
	1,992,273	427,677

These leases relate to:

- the non-cancellable office lease in the USA. The lease has a one year term with a five year exercisable renewal option. The current lease expires on 28 February 2019;
- the non-cancellable office lease in Germany, which expires in July 2020; and
- the non-cancellable equipment lease in the USA which expires in June 2020.

16 Events occurring after the reporting period

In August and September 2018, the Group completed a private placement to institutional investors and an entitlement offer to existing shareholders which raised a total of AUD8.8 million (before costs) via the issue of 80.3 million new shares at AUD0.11 per share.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial year.

17 Related party transactions

(a) Parent entities

Sensera Limited is the parent entity of the Group. The company was incorporated in Australia and is currently a public company and listed on the ASX.

(b) Subsidiaries

Interests in subsidiaries are set out in note 13(a).

(c) Key management personnel compensation

	30 June 2018	30 June 2017
	US$	US$
Short-term employee benefits	**809,411**	221,866
Share-based payments	**403,443**	-
	1,212,854	221,866

Detailed remuneration disclosures are provided in the remuneration report on pages 15 to 20.

(d) Other transactions with related parties

The following transactions occurred with related parties:

	30 June 2018	30 June 2017
	US$	US$
Transactions with directors related parties:		
Placement fees for IPO	-	499,254
Lead manager retainer fees	**19,734**	33,176
Options issued as consultants	**31,133**	74,477
Transactions with other related parties:		
General service agreement fees	**234,996**	322,380
Share placement fees	**251,137**	25,450
Sublease expense	-	300,000
Reimbursement of expenses	-	147,772

(e) Terms and conditions

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

18 Share-based payments

(a) Options issued

Set out below are summaries of options granted to employees and consultants during the year:

	2018	
	Average exercise price per share option (AUD)	Number of options
As at 1 July 2017	0.44	3,000,000
Granted during the year	0.36	6,000,000
Exercised during the year	-	-
Lapsed during the year	0.30	(500,000)
As at 30 June 2018 - outstanding	0.39	8,500,000
Vested and exercisable at closing balance	0.42	5,125,000

Share options outstanding at the end of the year have the following expiry date and exercise prices.

Grant date	Expiry date	Exercise price AUD	No. of share options 30 June 2018	No. of share options 30 June 2017
26-Apr-17	25-Apr-18	0.300	-	500,000
26-Apr-17	25-Apr-19	0.400	750,000	750,000
26-Apr-17	25-Apr-20	0.500	1,750,000	1,750,000
30-Nov-17	29-Nov-22	0.350	3,000,000	-
8-Dec-17	15-Aug-20	0.400	1,500,000	-
8-Dec-17	17-Dec-22	0.350	1,500,000	-
			8,500,000	3,000,000
Weighted average remaining contractual life of options outstanding at end of period			3.17	2.24

(i) Fair value of options granted

The model inputs for options granted during the year ended 30 June 2018 included:

Grant date	Exercise price AUD	Number of options granted	Expected share price volatility	Years to expiry	Dividend yield	Risk-free interest rate	Fair value at grant date per option US$
30-Nov-17	0.350	3,000,000	87.52%	5	Nil	2.13%	0.2328
8-Dec-17	0.400	1,500,000	87.52%	3	Nil	1.94%	0.1412
8-Dec-17	0.350	1,500,000	87.52%	5	Nil	2.13%	0.1997
		6,000,000					

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	30 June 2018	30 June 2017
	US$	US$
Shares issued to consultants	65,552	32,239
Options issued to consultants	163,785	447,072
Options issued to employees	403,443	-
	632,780	479,311

19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Grant Thornton Audit Pty Ltd firm and related entities and other Grant Thornton network firms

(i) Audit and other assurance services

	2018	2017
	US$	US$
Audit and other assurance services		
Audit and review of financial statements	184,771	85,181
Total remuneration for audit and other assurance services	184,771	85,181

(ii) Taxation services

Taxation services		
Tax compliance services	2,216	7,540
Total remuneration for taxation services	2,216	7,540

(iii) Other services

Other services		
Consulting services	4,293	68,984
Total remuneration for other services	4,293	68,984
Total auditors' remuneration	191,280	161,705

It is the Group policy to employ Grant Thornton Audit Pty Ltd and its related entities and other Grant Thornton network firms on assignments additional to their statutory audit duties where Grant Thornton Audit Pty Ltd expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Grant Thornton Audit Pty Ltd is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

20 Loss per share

(a) *Basic loss per share*

	30 June 2018	30 June 2017
	US Cents	US Cents
From continuing operations attributable to the ordinary equity holders of the company	**(4.51)**	(5.67)
Total basic earnings per share attributable to the ordinary equity holders of the company	**(4.51)**	(5.67)

(b) *Diluted loss per share*

	30 June 2018	30 June 2017
	US Cents	US Cents
From continuing operations attributable to the ordinary equity holders of the company	**(4.51)**	(5.67)
Total basic earnings per share attributable to the ordinary equity holders of the company	**(4.51)**	(5.67)

(c) *Reconciliation of earnings used in calculating loss per share*

	30 June 2018	30 June 2017
	US$	US$
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:	**6,769,702**	5,331,794
Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating basic loss per share	**6,769,702**	5,331,794

(d) *Weighted average number of shares used as the denominator*

	2018	**2017**
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic & diluted loss per share	**150,081,273**	93,961,003

The outstanding share options as at 30 June 2018 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

21 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity shows the following aggregate amounts:

	30 June 2018 US$	30 June 2017 US$
Statement of financial position		
Current assets	**174,523**	412,410
Non-current assets	**21,245,148**	10,006,250
Total assets	**21,419,671**	10,418,660
Current liabilities	**2,254,811**	164,315
Shareholders' equity		
Issued capital	**20,237,536**	10,793,542
Reserves		
Foreign currency translation	**467,509**	309,101
Share-based payments	**1,014,300**	447,072
Retained earnings	**(2,554,485)**	(1,295,370)
	19,164,860	10,254,345
Loss for the year	**(1,259,115)**	(1,295,370)

As at 30 June 2018, the intercompany loan balance between the parent entity and its subsidiary amounted to US$11,345,659.

(b) Guarantees entered into by the parent entity

During the period ended 30 June 2018, the parent entity has entered into an agreement to provide guarantee over the event of default caused by its subsidiary Sensera Inc. in relation to the equipment lease arrangement. (2017: US$Nil)

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2018. (2017: US$Nil)

(d) Commitment of the parent entity

The parent entity did not have any commitment as at 30 June 2018. (2017: US$Nil)

22 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Sensera Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial statements has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Sensera Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report covers the financial year. The period of previous year covered the period from inception on 6 July 2016 to 30 June 2017.

(i) Compliance with IFRS

The consolidated financial statements of the Sensera Limited Group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

This financial statements has been prepared under the historical cost basis.

(iii) Going concern

The Group incurred a net loss of US$6,769,702, and had operating cash outflows of US$6,106,056 for the financial year. As at 30 June 2018, the Group had a net current asset deficiency of US$584,489 and cash and cash equivalents balance was US$2,030,566. Prima facie, these conditions indicate a material uncertainty relating to the Group's ability to continue as a going concern.

The annual report have been prepared on a going concern basis. In the process of approving the Group's internal forecast and business plan for the upcoming fiscal years, the Board has considered the cash position of the Group within the next 12 months from the date of this report. The Board acknowledges the possibility of additional funding to be required in order to meet the Group's working capital requirements and other capital commitments. Since inception, the Group has successfully raised over US$18.8 million from issuing shares. Subsequent to the end of the year, the Group successfully raised another US$6.3 million (AUD 8.8 million) from private placement and entitlement offer.

Based on the above considerations, the Board has assessed the resources and opportunities available to the Group, and consequently believe that the Group will be able to repay its debts as and when they fall due.

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, and
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle.
- The Group also elected to adopt the following amendment early:
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments.

As these amendments merely clarify the existing requirements, they do not affect the group's accounting policies or any of the disclosures.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. This standard will also add some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management has considered the recognition and measurement requirements of AASB 15 in conjunction with the existing contracts between the Group and its customers. Based on this initial assessment, management concluded that there would have been no difference to the recognition and measurement of revenue had AASB 15 been adopted and applied during the reporting period, as compared to the current accounting policy on revenue.	Must be applied for financial years commencing on or after 1 January 2018.
AASB 16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	Management has considered the recognition and measurement requirements of AASB 16 in conjunction with the existing operating lease agreements between the Group and its suppliers. Based on this assessment, management concluded that there would have been a material impact to the financial statements had AASB 16 been adopted and applied during the period, as compared to the current accounting policy on leases. As at 30 June 2018, the Group had an outstanding operating lease commitment of US$1,992,273, see note 15.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.
AASB 9 Financial instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	Management has considered the recognition and measurement requirements of AASB 9 and do not expect the new guidance to affect the classification and measurement of its financial instruments as the Group does not have any long-term financial assets, liabilities or derivatives in existence.	Mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The "pooling method" of accounting is used to account for common control business combinations by the Group (refer to note 22(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Sensera Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Sensera Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which is the Chief Executive Officer.

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer, under the advisement of the full Board of Directors, that are used to make strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements is presented in US dollars (US$), which is Sensera Limited's presentation currency because majority of its operations including the head office are located in the United States of America. The functional currency of the parent Sensera Ltd is AUD, which is different to its presentation currency of US$.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the group’s main types of revenue are explained in note 2.

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The "pooling method" of accounting is used to account for common control business combinations by the Group, as follows:

- the assets and liabilities of the acquiree are recorded at book value not fair value (although adjustments should be recorded to achieve uniform accounting policies);

- intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS (in particular IAS 38);
- no goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented separately within OCI on consolidation;
- any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities (as adjusted to achieve uniform accounting policies);
- any expenses of the combination are written off immediately in the consolidated statement of comprehensive income; and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 5(b) for further information about the group’s accounting for trade receivables and note 10(b) for a description of the Group's impairment policies.

(k) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 6(c). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 6(c).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 22(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(m) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 22(g). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1).

(ii) Trademarks, licences and capitalised development costs

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Provisions

Provisions for service warranties and other obligations are recognised when the Group has present service obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(s) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/91 (Rounding in Financial/Director Report), issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Parent entity financial information

The financial information for the parent entity, Sensera Limited, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Sensera Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iii) Intercompany loans

Intercompany loan transactions between the companies within the Group are recognised at costs and eliminated on consolidation.

Directors' declaration

30 June 2018

In the Directors' opinion:

(a) the financial statements and notes set out on pages 24 to 60 are in accordance with the Corporations Act 2001, including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Regulations 2001, and

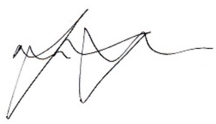
(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date, and

(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.

Note 22(a) confirms that the financial statements also complies with International Financial Reporting Standards.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001 for the year ended 30 June 2018.

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



Matthew Morgan
Director

Brisbane
28 September 2018

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Independent Auditor's Report

To the Members of Sensera Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Sensera Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 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 the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b 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 auditor independence requirements of the *Corporations Act 2001* and 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.

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

Material uncertainty related to going concern

We draw attention to Note 22 (a) (iii) in the financial statements, which indicates that the Group incurred a net loss of US$6,769,702 during the year ended 30 June 2018, and has operating cash outflows of US$6,106,056 for the year then ended, and is reliant on raising equity in the future to fund its ongoing operations. As stated in Note 22 (a) (iii), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Business Acquisition **Note 12**	
During the current financial year Sensera Limited acquired 100% of the shares of nanotron Technologies GmbH ("nanotron"). Accounting for this transaction is complex and requires Management to exercise judgement in determining the fair value of acquired assets and liabilities, the fair value of the purchase consideration, and the allocation of purchase consideration to separately identifiable intangible assets and goodwill. Business combinations are a key audit matter due to: • The size of the nanotron acquisition and its materiality to the Group; • The level of judgement required in evaluating the Group's purchase price allocation including the assessment of identifiable intangible assets arising on acquisition; and • The level of judgement required in evaluating the Group's estimates pertaining to the measurement of deferred consideration arrangements.	Our procedures included, amongst others: • Assessing the acquisition against the criteria of a business combination as defined in AASB 3 *Business Combinations* and the Group's determination of the acquisition date by reference to key transaction documents; • Assessing the estimated fair value of the assets and liabilities acquired; • Assessing the fair value of the purchase consideration; • Critically evaluating the models developed by the Group to determine the fair values of the identifiable intangible assets; and • Assessing the adequacy of the Group's disclosures in the financial statements in respect of AASB 3 and the requirements therein.
Goodwill and Intangible Assets **Note 6d**	
As at 30 June 2018, the carrying value of goodwill was US$5,959,850 and intangible assets costs was US$3,085,223. The Group is required to perform an annual impairment test of indefinite lived intangible assets in accordance with AASB 136 *Impairment of Assets*. Value-in-use was determined by management by estimating the future cash inflows and outflows to be derived from the continuing use of the assets and / or their ultimate disposal, and applying the appropriate discount rate to those future cash flows.	Our procedures included, amongst others: • Considering the application of the requirements of AASB 136 *Impairment of Assets* to the Group's impairment testing methodology and model; • Assessing the Group's determination of CGUs; • Making inquiries of management to obtain and document an understanding of their process to assess the risk of impairment; • Evaluating management's process to determine if it appropriately addresses the risks; • Verifying the mathematical accuracy and methodology appropriateness of the underlying model calculations.

Key audit matter	How our audit addressed the key audit matter
This is a key audit matter due to the judgements and estimates required in calculating the recoverable amount on a value-in-use basis.	• Evaluating the cash flow projections and the process by which they were developed by comparing the cash flows to the latest Board approved budgets or strategic plans and assessing the historical accuracy of the budgeting process; • Assessing the key growth rate assumptions by comparing them to historical results (where applicable) and forecasts; • Assessing the discount rate by reference to the cost of capital of the Group; • Performing sensitivity analysis on the key assumptions in the model; and • Assessing the adequacy of the Group's disclosures in the financial statements in respect of AASB 136 and the requirements therein.
Revenue Recognition **Note 2**	
Revenue is a key item in the Statement of Profit or Loss and Other Comprehensive Income and is a key audit matter given the nature and timing of revenue, and the associated work in progress and deferred revenue balances. Additionally, ASA 240 *The Auditors Responsibility in relation to Fraud in an Audit of A Financial Report* requires us to consider the risk of material misstatement due to fraudulent financial reporting relating to revenue recognition.	Our procedures included, amongst others: • Assessing the revenue recognition policies for appropriateness and compliance with AASB 118 *Revenue.* • Performing testing of a sample of transactions to determine whether revenue was recognised in line with the Group's revenue recognition policy and accounting standards; • Evaluating, on a sample basis, the work in progress and unearned income balances by obtaining the corresponding sales contracts and other supporting documentation and testing that appropriate amounts were recognised at the reporting date; and • Assessing the appropriateness of financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 have no realistic alternative but to do so.

Auditor's responsibilities 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 influence the economic decisions of 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 Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 15 to 20 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Sensera Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner - Audit & Assurance

Brisbane, 28 September 2018

Shareholder Information – as at 17 September 2018

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	No. of holders	No. of shares
1 - 1000	29	1,709
1,001 - 5,000	57	188,935
5,001 - 10,000	76	636,973
10,001 - 100,000	302	13,976,948
100,001 and over	277	229,462,870
	741	**244,267,435**

Including 59 Unmarketable Parcels holders.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,876,416	5.68
TRITON SYSTEMS INC	11,875,000	4.86
J P MORGAN NOMINEES AUSTRALIA LIMITED	11,139,193	4.56
NEWBURYPORT CAPITAL LTD	10,025,000	4.10
MAPLE MANAGEMENT LTD	9,740,000	3.99
EMPLOYEE EQUITY ADMINISTRATION PTY LTD	9,068,598	3.71
GUERILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	7,659,620	3.14
DEAD KNICK CAPITAL PTY LTD	7,077,777	2.90
MR PAUL HENRI VERON & MRS JULIE ANNE VERON <DEAD KNICK S/F A/C>	3,827,777	1.57
SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	3,411,416	1.40
FOCUS ASSET MANAGEMENT PTY LTD	3,409,091	1.40
MR PAUL ARACAPITAL INVESTMENTS PTY LTD	3,392,227	1.39
HEALTHVILLE INVESTMENTS PTY LTD <DR ROBERT CHIODO A/C>	2,888,618	1.18
JOHN W KING NOMINEES PTY LTD	2,570,940	1.05
OLIVAB PTY LTD <ABOLIV DISCRETIONARY A/C>	2,375,000	0.97
TINTERN (VIC) PTY LTD <A & P MILLER FAMILY A/C>	2,373,428	0.97
SZABO TRADING PTY LTD	2,368,330	0.97
MR ROBERT JESSE HUNT	2,166,666	0.89
CITICORP NOMINEES PTY LIMITED	2,106,897	0.86
SZABO TRADING PTY LTD <NO 2 A/C>	2,047,294	0.84
	113,399,288	46.43

Unquoted equity securities

	Number on issue	Number of holders
Unquoted options	8,500,000	16

One holder, MR RALPH HENRY SCHMITT, holds 3,000,000 unquoted options which is more than 20% of these securities.

Securities in escrow

	Number of securities	Date that the escrow period ends
Fully paid ordinary shares	50,125,000	22 December 2018

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,876,416	5.68%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: on a show of hands every member present at the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options: no voting rights.

E. Listing Rule 4.10.19 disclosure

For the purpose of ASX LR 4.10.19, the Board confirm that during the period from 22 December 2016 to 30 June 2018, Sensera Limited used its cash and assets readily convertible to cash in a manner consistent with its stated business objectives.

Sensera™