Sensera Limited
Appendix 4E
Preliminary Final Report
Year ended 30 June 2019

Name of entity:	Sensera Limited
ABN:	73 613 509 041
Year ended:	30 June 2019
Previous period:	30 June 2018

Results for announcement to the market

				US$
Revenue from ordinary activities	Up	60.3%	to	10,179,856
Loss from ordinary activities after tax attributable to members	Up	40.8%	to	(9,535,057)
Net loss for the period attributable to members	Up	40.8%	to	(9,535,057)

Distributions

No dividends have been paid or declared by the company for the current financial year. No dividends were paid for the previous financial year.

Explanation of results

Profit and Loss

Revenue for the current financial period increased by US$3.8m compared to the corresponding financial year, representing growth in revenues from both business units. The Microdevices and IoT Solutions business units, increased revenues approximately 75% and 54%, respectively. Close to 50% of the total revenue relates to contracts executed in FY18 with Smartbow (now Zoetis) and Abiomed, and these will continue to provide a substantial contribution to revenues into FY20.

Throughout the year the gross margin was negatively impacted by product mix and various one-off supply related costs that resulted in a reduction in gross margin from 51% to 41%. The underlying cause of these issues has been addressed, and the Company expects to trade in accordance with historic gross margin in the coming financial year.

There was a substantial increase in operating, overheads and administrative expenses for the year of $US2.3m. This increase reflected costs incurred in building out the organisation following the acquisition of nanotron and the appointment of a management team based in Woburn, Massachussets in FY18. It includes the transitioning of nanotron from primarily a R&D focused organisation to a sales focused growth company including improved operational capability and supply chain logistics to enable the longer-term ramp of sales. This transition is substantially complete, and at the end of FY19 a permanent reduction in costs was undertaken.

The group's investment in sales and marketing resulted in a US$0.95m increase in selling expenditures, and contributed to the growth in expenditure over the prior comparable period. The Company's sales and applications team grew from a team of two to a total of nine professionals and contributed to a corresponding increase in the sales pipeline by year end.

With our market leading technology and strong endorsement from our customer base we have added internal resources in applications and sales to complete the team to drive the sales of our products into existing and new verticals and geographic markets. As an example; the company was successful in expanding the customer base in the mining market in the North American geography in FY19. A market that was previously unpenetrated by the company. Also the team has expanded into new key verticals such as manufacturing and warehousing; which are meaningful market opportunities for Sensera as businesses require precision location to influence productivity in these applications.

There was also a small increase in research and development expenses of US$0.1m. This is partly a result of some fairly large projects in chip development and software having a heavier burden of cost in FY19 over FY18. The focus in the second half of FY19 was to shift to partnering in non-diferentiable technology areas to reduce the internal costs. This leverages our technology in combination with other firm's products as a means to increase speed to market and time to money. This has reduced overall R&D costs on a go forward basis. We have also increased our non-recurring engineering (NRE) rates for the MEMs foundry business to offset the true R&D costs in developing the custom products for MicroDevices.

The total expenses will reduce modestly in financial year 2020 as increases in sales and marketing costs are offset by greater reductions in research and development and operating and administrating expenditure. We are focused on the three elements of Sales, Margins and Costs to ensure we are driving towards a consistent cash flow positive business.

Balance Sheet

The working capital of receivables and Inventory has grown by over US$2m or 100% at 30 June 2019 reflecting the growth of the business but also due to the deadline to finalise transactions prior to the summer holiday period in North America and Europe. Both of these balances were reduced in July and cash was boosted as a result but still remains higher than the prior year reflecting the need for material to support the current business levels and growth.

The Company has used borrowings to assist the additional operational and working capital used in the business. As the Company's business continues to ramp the need for additional working capital is expected and other sources of additional debt oriented funding are being actively pursued.

Net tangible assets per security

	2019 **Cents**	2018 Cents
Net tangible asset backing (per security)	**(0.87)**	(0.44)

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2019.

Other information required by Listing Rule 4.3A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

Audit

The financial statements accompanying this Appendix 4E have not been audited. The audit process is currently taking place and an independent audit report will be included in the audited financial statements when they are due for release next month.

Sensera Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Notes	**2019 US$**	2018 US$
Revenue from contracts with customers	1	**10,179,856**	6,350,113
Cost of sales		**(6,033,636)**	(3,072,927)
Gross profit		**4,146,220**	3,277,186
Other gains/(losses) – net		**(114,273)**	(32,354)
Operation, overheads and administrative expenses	2(a)	**(10,829,372)**	(8,498,705)
Research and development expenses		**(1,341,274)**	(1,239,586)
Selling and marketing expenses	2(b)	**(1,362,559)**	(410,525)
Operating loss		**(9,501,258)**	(6,903,984)
Finance income		**86,055**	134,282
Finance expenses		**(113,411)**	-
Loss before income tax		**(9,528,614)**	(6,769,702)
Income tax expense		**(6,443)**	-
Loss for the period		**(9,535,057)**	(6,769,702)
Other comprehensive loss			
Items that may be reclassified to profit or (loss):			
Exchange differences on translation of foreign operations	5(b)	(230,099)	76,603
Total comprehensive loss for the period		**(9,765,156)**	(6,693,099)
Total comprehensive loss for the period is attributable to:			
Owners of Sensera Limited		**(9,765,156)**	(6,693,099)
		US cents	US cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic loss per share	8	**(4.03)**	(4.51)
Diluted loss per share	8	**(4.03)**	(4.51)

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

	Notes	2019 US$	2018 US$
ASSETS			
Current assets			
Cash and cash equivalents	3(a)	**838,136**	2,030,566
Trade and other receivables	3(b)	**2,001,688**	976,708
Inventories	4(a)	**1,151,838**	447,696
Other current assets	4(b)	**377,539**	749,748
Total current assets		**4,369,201**	4,204,718
Property, plant and equipment	4(c)	**920,627**	780,869
Intangible assets	4(d)	**9,466,142**	9,045,073
Total non-current assets		**10,386,769**	9,825,942
Total assets		**14,755,970**	14,030,660
LIABILITIES			
Current liabilities			
Trade and other payables	3(c)	**3,026,701**	3,590,087
Contract liabilities	4(f)	**618,923**	643,113
Borrowings	3(d)	**2,466,064**	-
Employee benefit obligations		**135,714**	83,547
Provisions	4(e)	**500,350**	472,460
Total current liabilities		**6,747,752**	4,789,207
Non-current liabilities			
Deferred tax liabilities		**920,318**	913,875
Total non-current liabilities		**920,318**	913,875
Total liabilities		**7,668,070**	5,703,082
Net assets		**7,087,900**	8,327,578
EQUITY			
Share capital	5(a)	**28,476,830**	20,237,536
Reserves	5(b)	**84,869**	191,538
Retained earnings		**(21,473,799)**	(12,101,496)
Total equity		**7,087,900**	8,327,578

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

	Attributable to owners of Sensera Limited			
	Share capital US$	**Reserves US$**	**Accumulated losses US$**	**Total equity US$**
Balance at 1 July 2017	10,793,542	(452,293)	(5,331,794)	5,009,455
Loss for the period	-	-	(6,769,702)	(6,769,702)
Other comprehensive income	-	76,603	-	76,603
Total comprehensive income/(loss) for the period	**-**	**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
Share-based payment expenses	-	567,228	-	567,228
	9,443,994	567,228	-	10,011,222
Balance at 30 June 2018	**20,237,536**	**191,538**	**(12,101,496)**	**8,327,578**
Loss for the period	-	-	(9,535,057)	(9,535,057)
Other comprehensive income	-	(230,099)	-	(230,099)
Total comprehensive loss for the period	**-**	**(230,099)**	**(9,535,057)**	**(9,765,156)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	8,070,088	-	-	8,070,088
Lapsed options	-	(162,754)	162,754	-
Share-based payment expenses	169,206	286,184	-	455,390
	8,239,294	123,430	162,754	8,525,478
Balance at 30 June 2019	**28,476,830**	**84,869**	**(21,473,799)**	**7,087,900**

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

	Notes	**2019 US$**	2018 US$
Cash flows from operating activities			
Receipts from customers		**9,201,631**	5,540,174
Payments to suppliers and employees		**(17,415,994)**	(11,780,513)
Net cash (outflow) from operating activities		**(8,214,363)**	(6,240,339)
Cash flows from investing activities			
Payment for acquisition of subsidiary (instalments for nanotron acquisition)		**(2,225,645)**	(4,195,307)
Payments for property, plant and equipment		**(360,816)**	(1,321,796)
Payments for patents, trademarks and other intangible assets		**(587,009)**	-
Proceeds from sale of property, plant and equipment		**-**	1,111,635
Interest received		**-**	134,283
Net cash (outflow) from investing activities		**(3,173,470)**	(4,271,185)
Cash flows from financing activities			
Proceeds from issues of shares		**8,459,494**	8,931,207
Proceeds from borrowings		**2,466,064**	-
Share issue transaction costs		**(468,295)**	(557,632)
Interest paid		**(113,411)**	-
Net cash inflow from financing activities		**10,343,852**	8,373,575
Net (decrease) in cash and cash equivalents		**(1,043,981)**	(2,137,949)
Cash and cash equivalents at the beginning of the financial year		**2,030,566**	4,049,772
Effects of exchange rate changes on cash and cash equivalents		**(148,450)**	118,743
Cash and cash equivalents at end of year		**838,136**	2,030,566

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

1 Revenue from contract with customers

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods at a point in time (i.e sale of goods) and the transfer of services over time (i.e rendering of services):

	2019	2018
	US$	US$
Sale of goods	**8,807,790**	4,400,511
Services	**1,372,066**	1,949,602
	10,179,856	6,350,113

(b) Accounting policies and significant judgements

(i) Sale of goods

Revenue from the sale of microelectromechanical systems (MEMS) and location awareness products are recognised at a point in time. The performance obligation is satisfied when the customer has access and thus control of the product. This occurs at the time of delivery of goods to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Services

Revenue from the provision of engineering services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly or monthly fee, revenue is recognised in the amount to which the group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable within agreed upon terms when invoiced.

Critical judgements in allocating the transaction price

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

(iii) Financing components

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

1 Revenue from contract with customers (continued)

(b) Accounting policies and significant judgements (continued)

(iv) Prior year accounting policies

In prior year, revenue was recognised for the major business activities using the methods outlined below.

Sale of goods - revenue from the sale of goods was 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.

Provision of services - revenue relating to the provision of services was 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.

(v) Impact of change in accounting policy

The impact of adopting the new accounting standard on revenue recognition, AASB 15 is further discussed in note 10(b).

2 Other operating expense items

	2019 US$	2018 US$
Operation, overheads and administrative expenses		
Accounting, audit, legal and taxation expenses	**427,332**	428,687
Depreciation	**120,206**	281,328
Employee benefits	**6,476,742**	4,453,794
Equipment lease and associated costs	**929,408**	142,739
Insurance expenses	**75,066**	113,623
Investor relation expenses	**113,997**	287,180
Occupancy costs	**997,157**	905,283
Other consulting expenses	**807,641**	786,196
Other expenses	**881,823**	1,099,875
	10,829,372	8,498,705
Selling and marketing expenses		
Employee related costs	**834,147**	644
Business development	**162,994**	13,953
Marketing consultants	**58,163**	273,015
Travel	**307,255**	122,913
	1,362,559	410,525

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 US$	2018 US$
Current assets		
Cash at bank and in hand	**838,136**	2,030,566

(i) Reconciliation to cash flow statement

The above figure reconciles to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2019 US$	2018 US$
Balances as above	**838,136**	2,030,566
Balances per statement of cash flows	**838,136**	2,030,566

(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.

(b) Trade and other receivables

		2019			2018	
	Current US$	**Non-current US$**	**Total US$**	Current US$	Non-current US$	Total US$
Trade receivables (i)	**2,028,028**	**-**	**2,028,028**	987,938	-	987,938
Provision for expected credit loss	**(39,454)**	**-**	**(39,454)**	(20,931)	-	(20,931)
	1,988,574	**-**	**1,988,574**	967,007	-	967,007
Other receivables	**13,114**	**-**	**13,114**	9,701	-	9,701
Total trade and other receivables	**2,001,688**	**-**	**2,001,688**	976,708	-	976,708

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement in accordance with the milestones specified in the non-recurring engineering (NRE) contracts with customers, and settlement for goods delivered to customers, which are both typically less than one year and therefore classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Fair value of trade and other receivables

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

3 Financial assets and financial liabilities (continued)

(c) Trade and other payables

	2019			2018		
	Current US$	**Non-current US$**	**Total US$**	Current US$	Non-current US$	Total US$
Trade payables	**2,003,032**	**-**	**2,003,032**	822,917	-	822,917
Accrued expenses	**926,184**	**-**	**926,184**	2,412,400	-	2,412,400
Other payables	**97,485**	**-**	**97,485**	354,770	-	354,770
	3,026,701	**-**	**3,026,701**	3,590,087	-	3,590,087

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 considered to be the same as their fair values, due to their short-term nature.

(d) Borrowings

	2019			2018		
	Current US$	**Non-current US$**	**Total US$**	Current US$	Non-current US$	Total US$
Secured						
Other loans (i)	**1,466,064**	**-**	**1,466,064**	-	-	-
Total secured borrowings	**1,466,064**	**-**	**1,466,064**	-	-	-
Unsecured						
Promissory notes (ii)	**1,000,000**	**-**	**1,000,000**	-	-	-
Total unsecured borrowings	**1,000,000**	**-**	**1,000,000**	-	-	-
Total borrowings	**2,466,064**	**-**	**2,466,064**	-	-	-

Further information relating to loans from related parties is set out in note 7.

(i) Secured liabilities and assets pledged as security

Other loans (secured) comprises a credit agreement with invoice and supply chain finance provider Timelio Pty Ltd against working capital assets of the parent. Entered into on 14 January 2019, this facility has a limit of A$3 million and is based on Sensera Limited's contract with animal health specialists Smartbow/Zoetis, guaranteed until 30 June 2020. The interest rate applicable is 1.00% per 30-day period with a 1.00% plus GST drawdown fee. A guarantee over all the assets of the group is attached to this facility.

(ii) Unsecured liabilities

Promissory notes (unsecured) comprise debt agreements with a key investor and Mr Jonathan Tooth, a director of Sensera Limited. Entered into on 25 February 2019, the lenders provided US$1,000,000 to fund the group's immediate needs for additional working capital. US$650,000 was provided by Mr Tooth; the key investor provided the US$350,000 balance. These promissory notes provide short-term capital with a term of 12 months, a simple interest rate of 10% p.a. (payable quarterly) and the option of term extension. The unsecured notes are subordinate to the company's current senior lender, Timelio Pty Ltd.

3 Financial assets and financial liabilities (continued)

(d) Borrowings (continued)

(iii) Fair value

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates and all borrowings are classified as current. Borrowings due within 12 months equal their carrying amounts as the impact of discounting is not material.

(e) Recognised fair value measurements

(i) Fair value hierarchy

The following table provides the fair values of the group's financial instruments measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
At 30 June 2019		**US$**	**US$**	**US$**	**US$**
Financial liabilities					
Other loans (secured)	3(d)	**-**	**-**	**1,466,064**	**1,466,064**
Promissory notes (unsecured)	3(d)	**-**	**-**	**1,000,000**	**1,000,000**
Total financial liabilities		**-**	**-**	**2,466,064**	**2,466,064**

There were no transfers between levels of the hierarchy for recurring fair value measurements during the year ended 30 June 2019.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity 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.

4 Non-financial assets and liabilities

(a) Inventories

		2019			2018	
	Current	**Non-current**	**Total**	Current	Non-current	Total
	US$	**US$**	**US$**	US$	US$	US$
Raw materials and stores	**409,990**	**-**	**409,990**	35,125	-	35,125
Work in progress	**24,538**	**-**	**24,538**	152,344	-	152,344
Finished goods	**717,310**	**-**	**717,310**	260,227	-	260,227
	1,151,838	**-**	**1,151,838**	447,696	-	447,696

4 Non-financial assets and liabilities (continued)

(a) Inventories (continued)

(i) Assigning costs to inventories

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

(b) Other current assets

	2019 US$	2018 US$
Current assets		
Prepayments	**116,834**	456,110
Deposits & other assets	**260,705**	293,638
	377,539	749,748

(c) Property, plant and equipment

Non-current	R&D equipment US$	Furniture and fixtures US$	Leasehold improve-ments US$	Other fixed assets US$	Total US$
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
Year ended 30 June 2019					
Opening net book amount	142,070	15,749	49,688	573,362	780,869
Exchange differences	-	-	-	(27,477)	(27,477)
Additions	232,959	1,661	25,153	101,043	360,816
Disposals	-	-	-	(73,376)	(73,376)
Depreciation charge	(47,597)	(4,402)	(16,510)	(51,696)	(120,205)
Closing net book amount	327,432	13,008	58,331	521,856	920,627
At 30 June 2019					
Cost or fair value	598,984	22,426	85,447	632,268	1,339,123
Accumulated depreciation	(271,552)	(9,418)	(27,116)	(110,410)	(418,496)
Net book amount	327,432	13,008	58,331	521,856	920,627

(i) Revaluation. depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, 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 - 10 years

4 Non-financial assets and liabilities (continued)

(d) Intangible assets

Non-current assets	**Goodwill US$**	**Capitalised development costs US$**	**Software US$**	**Total US$**
At 30 June 2018				
Cost	5,959,850	3,085,223	-	9,045,073
Year ended 30 June 2019				
Opening net book amount	5,959,850	3,085,223	-	9,045,073
Additions	-	106,838	480,171	587,009
Exchange differences	-	(164,965)	-	(164,965)
Amortisation charge	-	(974)	-	(974)
Closing net book amount	5,959,850	3,026,122	480,171	9,466,142
At 30 June 2019				
Cost	5,959,850	3,027,096	480,171	9,466,142
Accumulated depreciation	-	(974)	-	-
Net book value	5,959,850	3,026,122	480,171	9,466,142

(i) Impairment tests for goodwill & capitalised development costs

The group tests whether goodwill and capitalised development costs have 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 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 (WACC) for the group, estimated at 15% per annum.
- Revenue growth rate of between 25% to 50% per annum from FY 2020 to FY 2024, generating an annual gross margin of 45% to 47%.
- 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.

(e) Provisions

	2019			2018		
	Current US$	**Non-current US$**	**Total US$**	Current US$	Non-current US$	Total US$
Licencing product reserve (i)	**40,520**	**-**	**40,520**	132,566	-	132,566
Other provisions	**459,830**	**-**	**459,830**	339,894	-	339,894
	500,350	**-**	**500,350**	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 product related licensing where the licensee is in transition. This provision is expected to be settled in the next financial year.

4 Non-financial assets and liabilities (continued)

(f) Contract liabilities

	2019			2018		
	Current US$	**Non-current US$**	**Total US$**	Current US$	Non-current US$	Total US$
Contract liabilities	**618,923**	**-**	**618,923**	643,113	-	643,113
	618,923	**-**	**618,923**	643,113	-	643,113

Contract liabilities relate to receipts from customers in relation to goods and services yet to be delivered by the group.

5 Equity

(a) Share capital

	Notes	**2019 Shares**	2018 Shares	**2019 US$**	2018 US$
Ordinary shares	5(a)(ii)				
Fully paid		**272,751,012**	163,971,878	**28,476,830**	20,237,536
	5(a)(i)	**272,751,012**	163,971,878	**28,476,830**	20,237,536

(i) Movements in ordinary shares:

Details	**Number of shares**	**Total US$**
Balance 1 July 2018	**163,971,878**	**20,237,536**
Issue at $0.11 pursuant to placement (2018-08-20)	5,136,364	410,190
Issue at $0.11 pursuant to rights issue (2018-09-11)	75,159,192	6,002,093
Issue at $0.11 pursuant to placement (2019-03-14)	25,318,183	1,973,729
Issue at $0.11 pursuant to placement (2019-05-23)	1,954,546	152,371
Deemed issue between $0.12 and $0.27 pursuant to ESOP (FY 2018)	1,210,849	169,206
Less: Transaction costs arising on share issues	-	(468,295)
Balance 30 June 2019	**272,751,012**	**28,476,830**

(ii) Ordinary shares

Ordinary shares 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.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

5 Equity (continued)

(b) Reserves

The following table shows a breakdown of the consolidated statement of financial position line item 'reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Common control reserve US$	Share-based payments US$	Foreign currency translation US$	Total other reserves US$
At 1 July 2018	**(1,208,466)**	**1,014,300**	**385,704**	**191,538**
Currency translation	-	-	(230,099)	(230,099)
Other comprehensive income	-	-	(230,099)	(230,099)
Transactions with owners in their capacity as owners				
Share-based payment expenses	-	286,184	-	286,184
Options lapsed during the year	-	(162,754)	-	(162,754)
At 30 June 2019	**(1,208,466)**	**1,137,730**	**155,605**	**84,869**

(i) Nature and purpose of other reserves

Common control reserve

The common control reserve recognises differences arising from the business restructure between Sensera Limited and Sensera Inc. under the pooling of interest method.

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options and warrants issued to key management personnel, other employees and and eligible contractors.

Foreign currency translation

Exchange differences arising on translation of operations into United States dollars are recognised in other comprehensive income and accumulated in a separate reserve within equity.

6 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 result of an error and of changes to previous estimates.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of revenue relating to the provision of services
- Estimated goodwill & capitalised development costs impairment
- Estimation of share-based payments
- Estimation of expected credit loss

Estimates and judgements are continually evaluated. They 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.

7 Related party transactions

	2019 US$	2018 US$
Loans from key management personnel		
Beginning of the year	**-**	-
Loans advanced	**650,000**	-
Loans repayments made	**-**	-
Interest charged	**22,931**	-
Interest paid	**(6,681)**	-
End of year (including interest payable)	**666,250**	-

(d) Terms and conditions

On 25 February 2019, the group entered into a US$650,000 loan arrangement with an entity controlled by Mr Jonathan Tooth. The unsecured promissory note provides short-term capital with a term of 12 months, a simple interest rate of 10% p.a. (payable quarterly) and the option of term extension.

8 Loss per share

(a) Reconciliation of loss used in calculating loss per share

	2019 US$	2018 US$
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	**9,535,057**	6,769,698

(b) Weighted average number of shares used as the denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**236,338,867**	150,081,273

On the basis of the group's losses, the outstanding options as at 30 June 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

9 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have 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.

(i) Compliance with IFRS

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

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the group incurred a loss of US$9,327,730 and had operating cash outflows of US$8,214,363 for the year ended 30 June 2019. As at 30 June 2019, the group's had a net current asset deficiency of US$2,171,224 and cash and cash equivalents of US$838,136. These conditions indicate a material uncertainty that may cost significant doubt about the group's ability to continue as a going concern.

In the process of approving the group's internal forecast and business plan for upcoming financial 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 US$28,209,832 after transaction costs, as well as securing additional credit facilities to assist with working capital requirements. The group also secured up to approximately US$3.1 million financing.

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 the first time for their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration.*

9 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The group had to change its accounting policies without making retrospective adjustments following the adoption of AASB 9 and AASB 15. This is disclosed in note 10. The adoption of these new accounting standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(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.

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

(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 are presented in US dollars (US$), which is Sensera Limited's presentation currency due to the majority of its operations including head office being located in the United States. The functional currency of the parent is the Australian dollar (A$), which is different to its presentation currency of US dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to 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 statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

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 at fair value through other comprehensive income are recognised in other comprehensive income

9 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(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 consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position
- income and expenses for each consolidated statement of profit or loss and consolidated statement of profit or loss and other 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 1.

(f) Cash and cash equivalents

For the purpose of presentation in the consolidated 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 consolidated statement of financial position.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

(h) 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.

9 Summary of significant accounting policies (continued)

(i) Property, plant and equipment

The group's accounting policy for land and buildings is explained in note 4(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 4(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.

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

(j) Intangible assets

(i) Goodwill

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.

(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.

9 Summary of significant accounting policies (continued)

(k) 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.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) 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.

(n) 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.

(o) 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, adjusted for bonus elements in ordinary shares issued during the 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.

9 Summary of significant accounting policies (continued)

(p) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

10 Changes in accounting policies

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB *15 Revenue from Contracts with Customers* on the group's financial statements.

(a) AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The adoption of this standard has not materially impacted the amounts disclosed in these financial statements.

(i) Classification and measurement

Except for certain trade receivables, under AASB 9, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the group's debt financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category comprises trade receivables.

The assessment of the group's business models was made as of the date of initial application, 1 July 2018 and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. There has been no adjustment made to the amounts disclosed as a result of the application of this standard.

(ii) Impairment of financial assets

The adoption of AASB 9 has altered the group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.AASB 9 requires the group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets and trade and other receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The group has established a provision matrix that is based on the group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in any material change in impairment allowances of the group's debt financial assets.

10 Changes in accounting policies (continued)

(b) AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard has been applied as at 1 July 2018 using the modified retrospective approach and establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of AASB 15 has mainly affected revenue from provision of non-recurring engineering (NRE) services. Management has assessed the cumulative effect of initial application and concluded it to be immaterial as at 1 July 2018.