

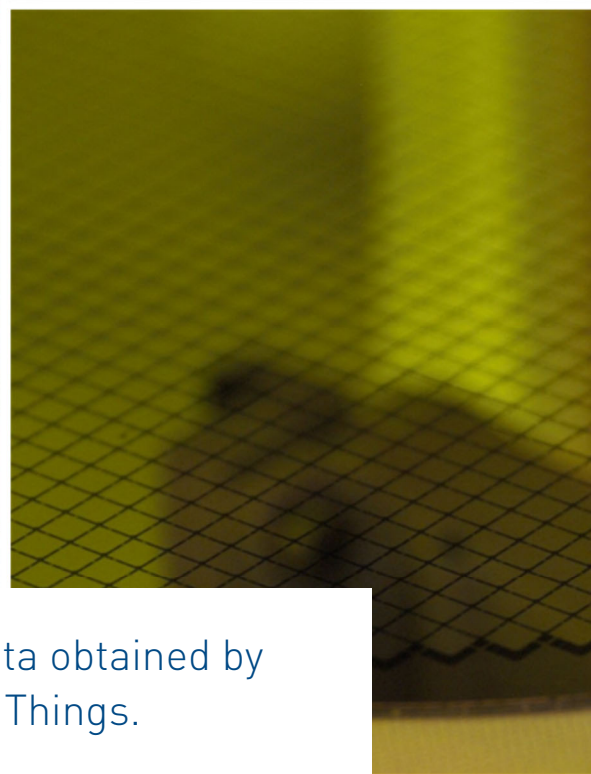
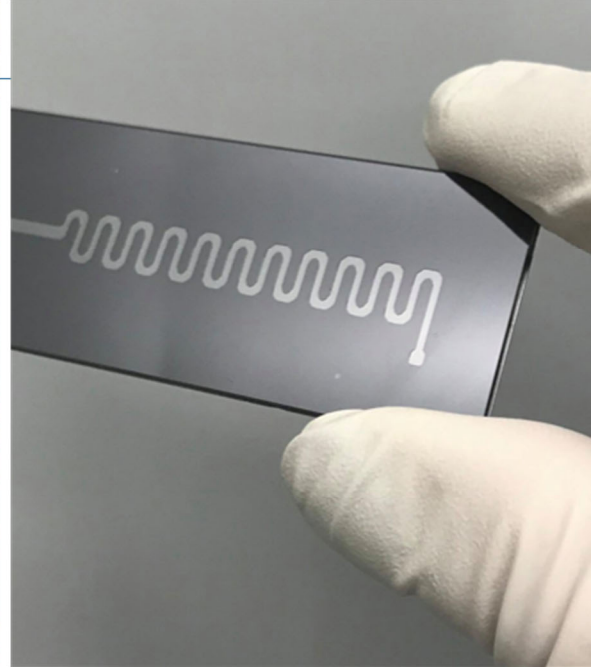
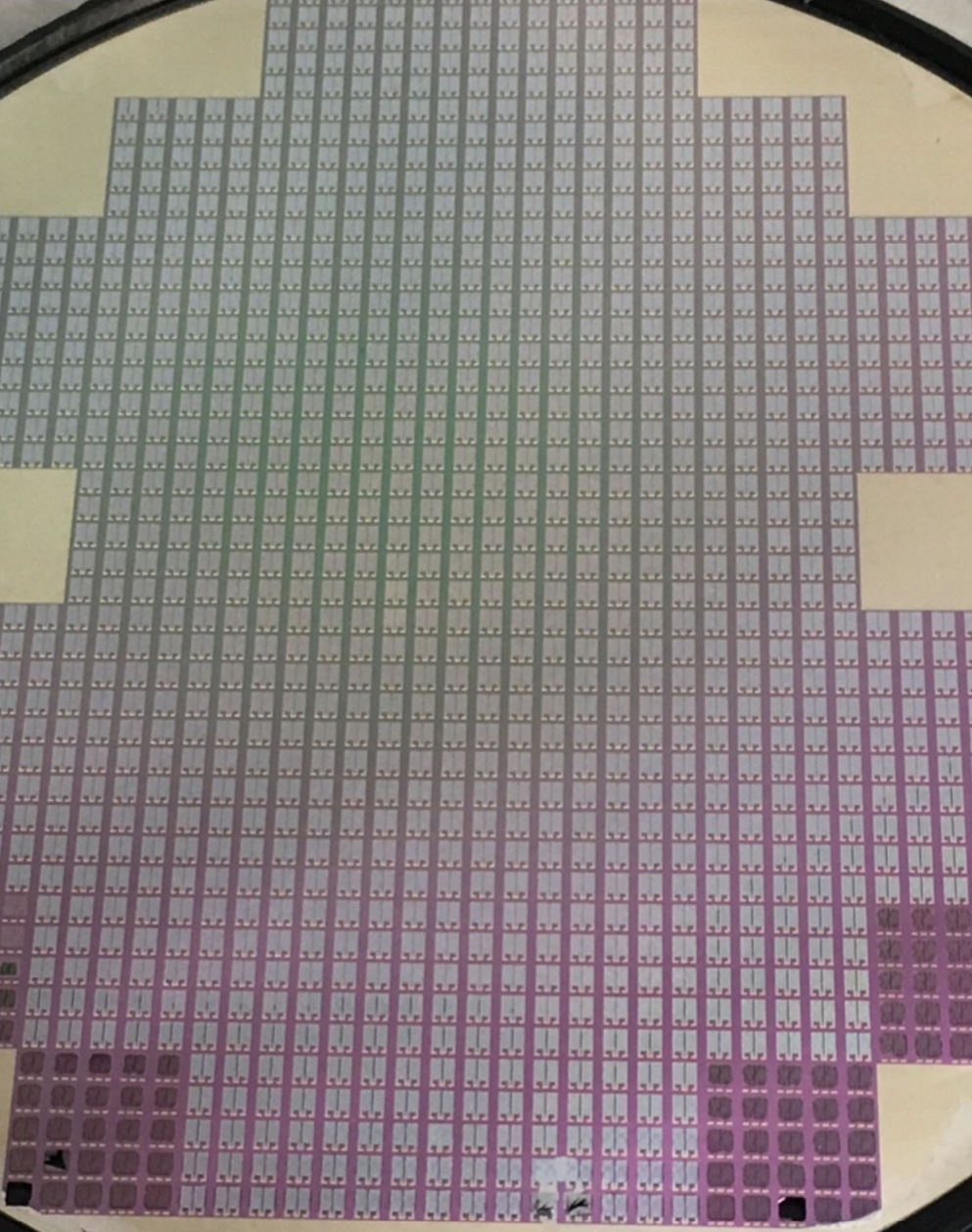
ANNUAL REPORT

For the year ended 30 June 2019



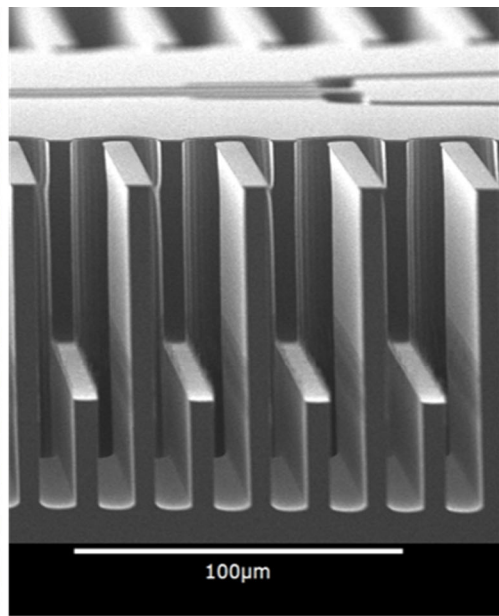
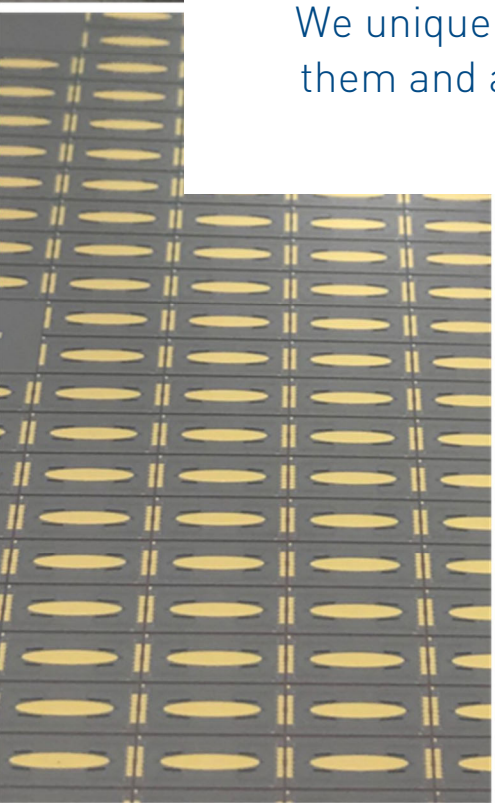
SENSERA LIMITED

ACN 613 509 041



Our business is to create value from data obtained by our sensors from the Internet of Things.

We uniquely build the sensors, wirelessly network them and analyse the data they produce to create enterprise value.



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Corporate Directory

Directors	<p>Mr Allan Brackin Independent Non-Executive Chairman</p> <p>Mr Ralph Schmitt Managing Director</p> <p>Mr Matthew Morgan Non-Executive Director</p> <p>Mr Jonathan Tooth Non-Executive Director</p> <p>Mr George Lauro Non-Executive Director</p> <p>Mr Camillo Martino Non-Executive Director</p>
Secretary	Mr Phillip Hains
Registered office and principal place of business	<p>Level 3, 62 Lygon Street Carlton VIC 3053 Australia</p> <p>Telephone: +61 (03) 9824 5254 Facsimile: +61 (03) 9822 7735</p>
Share register	<p>Boardroom Pty Limited</p> <p>Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Australia</p> <p>Telephone: +61 (0)2 9290 9600</p>
Auditor	<p>Grant Thornton Audit Pty Ltd</p> <p>Level 18, 145 Ann Street Brisbane QLD 4000</p> <p>Telephone: +61 (0)7 3222 0200</p>
Solicitors	<p>McCullough Robertson</p> <p>Level 11 , Central Plaza Two 66 Eagle Street Brisbane QLD 4000 Australia</p> <p>Telephone: +61 (0)7 3233 8888</p>
Bankers	<p>National Australia Bank</p> <p>330 Collins Street Melbourne VIC 3000 Australia</p>
Stock exchange listing	Sensera Limited shares are listed on the Australian Securities Exchange (ASX: SE1)
Website	www.sensera.com

Chairman & Managing Director's Letter

Dear Shareholder,

Welcome to the 2019 Annual Report for Sensera Limited (ASX: SE1). We appreciate your interest in learning more of what we accomplished this past year and where we are heading in the future.

Sensera is an Internet of Things (IoT) solution provider that designs and builds sensor-based products. We provide our hardware and software to a growing number of industrial customers spanning a range of end user solutions. We have a material amount of installations of our products in medical technology, mining safety and productivity, and livestock health markets. Our business has two divisions – MicroDevices, which designs and builds sensors, and IOT Solutions (or nanotron), which incorporates sensors into systems to deliver high-precision, real-time location-based solutions.

Sensera has developed technology leadership in IoT solutions. Our unique MEMS (MicroElectroMechanical Systems) capability and wireless sensor platform provides us with an attractive base from which to deliver growth in multiple large, newly forming markets. Our customers are typically businesses that demand bespoke, leading-edge productivity solutions, and we provide the sensor networks to drive real business value. We are on a journey from being a sensor component supplier to offering full systems and services that incorporate our sensor technology. Although this is a multi-year effort, and FY19 saw many positive shifts to supply complete products and services, we are confident to reach this objective as we move forward in this journey.

Over the past 12 months, our business has continued to scale as we have expanded our worldwide customer base. With four consecutive quarters of revenue growth, we have created excellent momentum. We achieved year-on-year revenue growth of 60%, with FY19 total revenue of US\$10.2 million. This represents significant expansion for an emerging business, which we expect to continue into FY20. The Company continues to mature and has taken steps to improve the product offering and supply chain to ensure we are even better positioned to expand our business and improve our margins to reach consistent profitability.

The Company also continues to build on its excellent customer relationships and contracts described in last year's report. The Company was pleased to see the launch of the Smartbow Animal Health System through the Zoetis sales channels, with early indications of new market penetration in the second half of FY19. The Company also saw an expansion of its relationship with Abiomed into a second integrated sensor product that started to ramp in the last quarter of FY19 and will create further growth throughout FY20.

We continue to receive strong industry validation, including our recently-announced partnership with Arrow Electronics, and we are confident our growing status in our target markets will ultimately reflect the value the entity is creating.

In addition to partnerships we forged during the year, we greatly expanded our sales pipeline of potential new business. Sensera's go-to-market resources and capabilities were greatly enhanced through the year with the hiring of an expanded and more experienced sales team. We are now better positioned to drive customers from a sales pipeline into production, enabling our business expansion throughout FY20 and beyond.

We would like to thank our management and staff for their hard work and commitment over the past year that helped us to deliver record revenue growth. We also thank our shareholders for their continued support and belief that Sensera can deliver on its potential.

With our increasing momentum moving into FY20, we are working hard to build on this to create value for our shareholders. We are focused on creating new opportunities for sustainable, profitable growth. We look forward to continuing to share our journey over the coming 12 months.

Allan Brackin
Non-Executive Chairman

Ralph Schmitt
Managing Director

The value our sensors and networks create comes in many forms; from safety, to health, to increased automation and productivity.

Review of Operations & Activities

Sensera is an Internet of Things (IoT) solution provider that delivers sensor-based products transforming real-time data into meaningful information, action and value. FY19 represented the first full year operating its two complementary divisions:

- **IoT Solutions (IOTS or nanotron Technologies):** Provides location-awareness services, specialising in the design, development and sale of integrated circuits (chips), modules and software that enable precise real-time positioning and wireless communication.
- **MicroDevices (Sensera Inc.):** A leading designer and manufacturer of specialised high performance microsensors and microfabricated components.

Between the two divisions, Sensera has over 50 customers including globally recognised brands, multinational OEMs and category leaders.

Results

In FY19, Sensera achieved record revenue of US\$10.2 million representing a 60% increase over the previous year. 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.

Operating expenses increased 35% year on year as the company completed building out the management team, sales and applications team.

R&D spending slightly increased as Sensera continues to develop a differentiated and defensible hardware and software technology stack. The Company advanced its journey from a pure product sales (capex) model to an additional solution service model (opex). This development is underpinning improvement in cash flow and growth in revenue from existing animal health, mining and medtech customers, while also broadening the scope of potential new IoT customers.

Sales

Sensera delivered solid revenue growth to reach a record in the June quarter of US\$3.8 million, a 41% increase on the previous quarter, and the 4th consecutive quarter of revenue growth. Both of the Company's divisions realised record revenue. 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.

The new business opportunity pipeline continues to improve standing at US\$80 million at the end of the financial year, showing continued support for long-term revenue growth.

Sensera continued to expand its sales network by adding Arrow Electronics as a global system integrator and distributor, as well as adding two other specialised channel partners focused on countries in the Middle East. The Company also added internal sales resources to drive products into the market for FY20.

Operating Expenditure and Cash Flows

Operating expenditure and cash flows varied through the financial year accounting for:

- **Increases in inventory:** Material expenditures position the company to achieve the significant sales growth through the end of the financial year.
- **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.
- **Completing obligations for the nanotron acquisition:** The Company paid the remaining US\$2.2 million to finalise the acquisition. No further acquisition related costs are outstanding.
- **Ongoing R&D:** Variable expenses increased primarily in software and chip development R&D programs for the IoT system division. The Company changed strategy to incorporate other chip IP into next gen products and save R&D cost. The small increase in research and development expenses of US\$0.1m 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-differentiable 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.

Overall, there was a substantial increase in operating, overheads and administrative expenses for the year of US\$2.3m. 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, Massachusetts 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.

Management continues to control spending without inhibiting growth. The Company will maintain its resolute focus on cash conservation by controlling operating expenses and minimising increases in headcount.

Key Milestones for FY19

IoT Solutions

IOTS has put more than 500 micro-location systems into service over the past 3 years with up to 5,000 tags per deployment – most of them running 24/7 in mission-critical applications such as livestock health for dairy farms and mine safety / productivity.

The financial year saw IOTS reach a number of commercial and development milestones:

Zoetis/Smartbow

This financial year saw the Company make meaningful shipments against the Smartbow/Zoetis contract. Over 1 million devices were shipped for deployment into ear tags. US-listed company Zoetis, a global leader in animal health products and services, commenced full-scale deployment of its acquired Smartbow's Eartag LIFE system worldwide in January 2019. IOTS has a minimum guaranteed sales volume under this arrangement for FY20.

nanoLES 3 Location Engine and Server Software

IOTS deployed a new release of its nanoLES 3 Location Engine and Server Software. Through nanoLES 3, customers can accurately and reliably track up to 10,000 distinct objects in real time – more than double the scope of existing commercial installations. This software is being deployed in the Company's lead market of livestock health, where customers use it to accurately track dairy cows in real time by processing location data collected from wireless ear tags. This helps farmers to better manage yield, boost farm productivity and simplify livestock management. This system was previously sold primarily in Europe and Asia. Following the acquisition of Smartbow by Zoetis, they launched into the North American market in early 2019.

Protran Technology

In September 2018, IOTS also signed a volume supply agreement with Protran Technology, an industry pioneer in safety solutions for the railroad industry, to integrate nanotron's smart sensor modules into Protran's Roadway Worker Protection solution. The Protran solution issues secondary advanced warnings alerting personnel working on or around railway tracks to potentially hazardous situations such as approaching trains. This system has been deployed in multiple US cities during FY19.

Selectronic

In January 2019, the Company partnered with industrial safety solutions provider Selectronic to launch a new mine safety collision avoidance solution (CAS). The parties' first joint solution, called the PDS2400, is an RF-based proximity detection solution that supports collision awareness and proximity warning between fast moving vehicles, as well as

between vehicles and people. The system is targeted at open pit situations and provides an accuracy of 1 metre over long ranges of 100 metres or more, while an optional dual-mode tag can provide even higher accuracy down to 10 centimetres at short ranges of 10 metres. This is the Company's first tangible example of delivering a full system deployment.

360° Edge Analytics/Clearblade

IOTS also launched its 360° Edge Analytics solution, software which processes data from any sensor in conjunction with any location radio technology. 360° Edge Analytics represents the first of an entire portfolio of analytics tools and a new line of location-aware wireless sensors suitable for verticals including mining, manufacturing and healthcare.

Following launch of the solution, IOTS announced a partnership with enterprise IoT software platform provider, ClearBlade Inc, to integrate the revolutionary 360° Edge Analytics platform solution to a new range of configurable analytics tools delivering actionable insights for Industrial IoT. This is an example of adding value beyond just obtaining location data by categorising into events and actions through software analytics.

Ultra Wide Band/Decawave

In April 2019, IOTS together with development partner and location silicon provider Decawave achieved interoperability of tags from different vendors, shortening time to revenue and leveraging field-proven location infrastructure provided by nanotron. Decawave's Ultra Wide Band transceiver chips can be used with any tag device based on the same silicon. This is the basis of the next generation product for high precision location-aware solutions. The company has engaged in multiple customer proof of concept deployments to validate the solution. Revenue from the Ultra Wide Band based products are expected to start in FY20. This is an example of taking the Company's IP in location based software and applying it to a partner's silicon solution. The Company can redirect R&D spend towards differentiating the solution through software and build on a software platform that has a robust multi-decade amount of development as its core.

Microdevices

The MicroDevices division continues to expand with multiple customers now moving towards production. Notable highlights for the financial year include:

Certification secures new medtech clients

In October 2018, Sensera achieved certification to the ISO 13485:2016 quality standard at the Woburn, MA fabrication facility. ISO 13485:2016 specifies requirements for a quality management system, specifically related to medical devices, building on the Company's previous achievement of ISO 9001:2015 certification in 2017. After achieving ISO13485 for medical standards, the Company added three new microfluidic customers to its custom MEMS-based wafer development and manufacturing to fill the pipeline for FY20.

This certification, together with investment into additional thin-film processing equipment, enables new chips for Point-of-Care and Lab-on-a-Chip applications, as well as droplet microfluidic devices, and ensures Sensera is positioned to capitalise on this emerging market. The adoption of microfluidics over traditional diagnostic methods is growing at a compound annual growth rate (CAGR) of almost 15%. Currently, this represents a US\$5 billion global market, which is projected to reach US\$15 billion by 2026.

Micro-assembly expansion

Sensera has expanded its micro-assembly business to augment the MEMS fab capability. This increase in capability led to increased revenue from existing Medtech customers.

Besides ramping existing capabilities, the Company also expanded its capabilities to include precision fibre optic assemblies which will allow Sensera's customers' access to complex and specialised polymer fibre coatings, optical alignments, fibre polishing and cable assemblies. This additional capability was primarily driven by new customer demand and synergy with existing micro-assembly capability.

Customers in this field include those in the US\$1 billion global market for medical fibre and the overall US\$6.5 billion global fibre optics market. New applications for Sensera's fibre optic capabilities include enhancement of miniature microscopy, measuring intervacular BP, shape sensing for minimally invasive surgery and illumination of endoscope for cancer detection.

Research and Development

Sensera invests in R&D at the integrated device (chip) level, the sub-system level and in software. In this past year this included pre-production of the first silicon for the Company's 3rd generation nanoLOX wireless location aware controller, and the initial release of the Company's 360° Edge Analytics software solution. Both have entered the market demonstrating the merit of the Company's ongoing R&D and the capability of the team's ability to commercialise technology and remain on the leading edge in sensor-based solution development and deployment.

At the MicroDevices level, the company designed and produced over 6 new, custom designs that are bespoke to specific customer requirements. These are at various stages of development and early production and will underpin incremental improvement in revenues for FY20.

Corporate

Capital Raising

In August 2018, Sensera announced it intended to raise about A\$8.83 million through:

- An A\$8.27 million underwritten 4 for 9 pro rata non-renounceable entitlement offer of 75.1 million fully paid ordinary shares; and

- A A\$565,000 placement of 5.1 million fully paid ordinary shares to institutional and sophisticated investors.

The Entitlement Offer was fully underwritten by Morgans Corporate Limited. Sensera used proceeds to fund the final instalment of the nanotron technology GmbH purchase as well as towards working capital to facilitate business expansion.

In March 2019, Sensera announced it had secured firm commitment for a A\$3 million capital raising with institutional and sophisticated investors via the issue of 27.3 million new ordinary shares. The Placement was strongly supported by Directors and senior management, existing shareholders and sophisticated investors. This was needed to primarily fund working capital increases as the business continued to grow.

Other Financing

In January 2019, the Company entered into a credit agreement with invoice and supply chain finance provider Timelio Pty Ltd. The facility is based on Sensera's contract with animal health specialists Smartbow/Zoetis which is guaranteed for FY19 and FY20.

In February 2019, Sensera executed a debt agreement with a director and a large shareholder of the Company in the amount of US\$1 million to fund the Company's immediate needs for additional working capital. This promissory note provides short-term capital with a term of one year, a simple interest rate of 10% payable quarterly and the option of term extension. The note is subordinate to the Timelio credit agreement.

Both forms of non-dilutive financing strengthen Sensera's balance sheet allowing the continued expansion of production to meet customer demand.

Board and Management Changes

Sensera also welcomed a new addition to the Board in FY19 with the appointment of Allan Brackin as the Company's Independent Non-Executive Chairman to succeed Matt Morgan as Chairman on December 1, 2018. Mr Morgan remains a Non-Executive Director of Sensera and Chairman of the Audit and Risk Committee.

Mr Brackin has been involved in the technology industry for more than 30 years. He has been Chairman of Brisbane-based RPM Global (ASX: RUL), a leading enterprise technology, advisory and training provider in the mining industry, since 2011 and Chairman of the Fintech based financial services firm GBST Holdings Ltd (ASX:GBT) since 2015, having served on its Board prior to his appointment as Chairman. In 2014, Mr Brackin was appointed Chairman of telecommunications provider OptiComm Co Pty Ltd. Previously, Mr Brackin was Group CEO of Volante Limited (ASX: VGL), one of Australia's largest IT services companies from 2000-2004.

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 2019. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

The following persons held office as directors of Sensera Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

- Mr Allan Brackin, Independent Non-Executive Chairman (appointed 1 December 2018)
- Mr Ralph Schmitt, Managing Director
- Mr Matthew Morgan, Non-Executive Director
- Mr Jonathan Tooth, Non-Executive Director
- Mr George Lauro, Non-Executive Director
- Mr Camillo Martino, Non-Executive Director (appointed 1 July 2018)

The following persons held office as company secretary of Sensera Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

- Mr Phillip Hains, Company Secretary

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). The group's proprietary microsensors and sensor systems primarily serve the animal wellness, mine safety and the productivity and healthcare markets.

Dividends - Sensera Limited

No dividends were declared or paid to members for the year ended 30 June 2019. The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 6 to 8 of this annual report.

Significant changes in the state of affairs

Other than the information disclosed in the review of operations and activities on pages 6 to 8, there are no significant changes in the state of affairs that the group has not disclosed.

Events since the end of the financial year

On 30 September 2019, the Group entered into a binding agreement to raise a minimum of A\$8.4 million to fund its working capital, via a combination of long-term debt and equity vehicles.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

Other than the information disclosed in the review of operations and activities on pages 6 to 8, there are no likely developments or details on the expected results of operations that the group has not disclosed.

Environmental regulation

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

Information on directors

The following information is current as at the date of this report.

Mr Allan Brackin

Independent Non-Executive Chairman

Experience and expertise	<p>Allan has been involved in the technology industry for over 30 years at both executive and non-executive level. At executive level he was group chief executive officer of Volante Limited (ASX: VGL), from 2000 to 2004. Volante was one of Australia's largest IT services companies. From 1986 to 2000 Allan co-founded a number of IT companies.</p> <p>These companies all became part of the Volante Group. At non-executive level, Allan is also chairman of mining software company RPM Global Holdings Limited (ASX: RUL), chairman of financial technology company GBST Holdings Ltd (ASX: GBT) and chairman of telecommunications carrier OptiComm Ltd (ASX: OPC). He is also a member of the advisory board for several IT companies and mentors a number of technology entrepreneurs.</p> <p>Allan has a B. Applied Science from the Queensland University of Technology and has attended the Owner President Management Program at Harvard University</p>
Other current listed directorships	<p>GBST Holdings Limited (ASX: GBT), since 27 April 2015</p> <p>OptiComm Ltd (ASX: OPC), since 13 May 2014</p> <p>RPMGlobal Holdings Ltd (ASX: RUL), since 30 November 2011</p>
Former directorships in last 3 years (listed)	None
Special responsibilities	None

Mr Ralph Schmitt
Managing Director
Experience and expertise

Ralph's most recently was an executive of Toshiba America Electronic Components, Inc. (TAEC), 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, Mr Schmitt 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, and
- CEO of NASDAQ-listed OCZ Technology (NASDAQ: OCZ) , a supplier of high performance solid-state drive (SSD) products where he led the transition out of bankruptcy and ultimately sale to Toshiba.

In addition to his executive experience, Mr Schmitt has held multiple venture capital advisory and board roles in the hardware and software sectors over the past two decades. He holds a B. Science in Electrical Engineering from Rutgers University and is fluent in German.

Other current listed directorships

None

Former directorships in last 3 years (listed)

None

Special responsibilities

Chief Executive Officer

Mr Matthew Morgan
Non-Executive Director
Experience and expertise

Matthew has over 13 years' executive management experience in private equity funded portfolio companies and 10 years' experience 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) and is currently a non-executive director of Leaf Resources Limited (ASX: LER) and Total Brain Limited (ASX: TTB).

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 listed directorships

Leaf Resources Limited (ASX: LER), since 21 July 2014
 Total Brain Limited (ASX: TTB), since 1 March 2016

Former directorships in last 3 years (listed)

None

Special responsibilities

Chair of the audit and risk committee
 Member of the remuneration and nomination committee

Mr Jonathan Tooth
Non-Executive Director
Experience and expertise

Jonathan is an experienced director and provides strong corporate governance to the board. He is also chair of the group's remuneration and nomination committee. Mr Tooth is a director at Henslow and prior to Henslow, served as director and head of corporate finance at Austock Corporate Finance Limited from 2001 to 2011. He has over 25 years' experience in corporate finance, capital raisings, placements and initial public offerings, corporate advice, and restructuring specifically in the small to middle market. He is an experienced director of ASX listed companies and current directorships include Generation Development Group Ltd (ASX: GDG) and Vita Life Sciences Limited (ASX: VSC).

Jonathan holds a B. Arts (Economics and Financial Studies) from Macquarie University.

Other current listed directorships

Generation Development Group Limited (ASX: GDG), since 1 May 2012
 Vita Life Sciences Limited (ASX: VLS), since 26 July 2012

Former directorships in last 3 years (listed)

None

Special responsibilities

Member of the audit and risk committee
 Chair of the remuneration and nomination committee

Mr George Lauro
Non-Executive Director

Experience and expertise	<p>George has been appointed as a MEMS industry expert with a track record of mergers and acquisitions, and to source potential technologies for Sensera Limited to acquire.</p> <p>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.</p> <p>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 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 MEMS sectors.</p> <p>George attended Brown University (BSEE), The Wharton School (MBA) and MIT (graduate studies Aerospace engineering).</p>
Other current listed directorships	None
Former directorships in last 3 years (listed)	None
Special responsibilities	None

Mr Camillo Martino
Non-Executive Director

Experience and expertise	<p>Camillo has been a served as Non-Executive Director of Sensera Limited since 1 July 2018. He is a board member and executive advisor to a number of other high technology companies, including serving on the board of Magnachip Semiconductor Corp (NYSE: MX) since August 2016, and Cypress Semiconductor Corporation (NASDAQ: CY) since June 2017. Mr. Martino also serves on the board at multiple privately-held companies, including VVDN Technologies, KeraCel Inc., CyberForza and SAI Technology.</p> <p>Mr Martino was the chief executive officer and director of Silicon Image, Inc. until it was acquired by Lattice Semiconductor in 2015. His semiconductor experience also includes the position of COO at Zoran Corporation, and earlier in his career, he served at National Semiconductor in four different countries including Japan and China over a nearly 14-year period.</p> <p>Camillo holds a B. Applied Science from the University of Melbourne and a Graduate Diploma in Digital Communication from Monash University in Australia.</p>
Other current listed directorships	<p>Cypress Semiconductor Corporation (NASDAQ: CY), since June 2017</p> <p>Magnachip Semiconductor Corp (NYSE: MX), since August 2016</p>
Former directorships in last 3 years (listed)	MosChip Technologies Limited (BOM: 532407), resigned in May 2019
Special responsibilities	None

Company secretary

The company secretary is Mr Phillip Hains, appointed to the position 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 30 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University 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 2019, and the numbers of meetings attended by each director were:

	Meetings of committees					
	Full meetings of directors					
			Audit		Remuneration	
	A	B	A	B	A	B
Mr Allan Brackin	8	8	1	2	1	2
Mr Ralph Schmitt	13	13	3	3	3	3
Mr Matthew Morgan	13	13	3	3	3	3
Mr Jonathan Tooth	13	13	3	3	3	3
Mr George Lauro	12	13	-	-	-	-
Mr Camillo Martino	12	13	-	-	-	-

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 2019 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) Link between remuneration and performance
- (e) Remuneration expenses
- (f) Service agreements
- (g) 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.

Non-executive and executive directors (see pages 10 to 13 for details about each director)

- Mr Allan Brackin, Independent Non-Executive Chairman (appointed 1 December 2018)
- Mr Ralph Schmitt, Managing Director
- Mr Matthew Morgan, Non-Executive Director
- Mr Jonathan Tooth, Non-Executive Director
- Mr George Lauro, Non-Executive Director
- Mr Camillo Martino, Non-Executive Director (appointed 1 July 2018)

Other key management personnel

- Mr David Garrison, Chief Financial Officer

(b) Remuneration policy and link to performance

Our remuneration committee is made up of non-executive directors, with the chairman's participation by invitation. 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.

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
STI	Reward for in-year performance and retention	Total shareholder return, financial and operational outcomes	CEO: 100% of FR CFO: 35% of FR
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 A\$0.35 exercise price for the first 750,000 options and A\$0.15 for the remaining. CFO: 1,500,000 unlisted 5-year options at A\$0.15 exercise price

Assessing performance

The remuneration committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys.

Performance is monitored in detailed quarterly operations reviews throughout the year and a formal extensive evaluation is performed annually.

Share trading policy

Sensera Limited's securities trading policy applies to all directors and executives, see sensera.com and follow the link to the 'board charter'. It only permits the purchase or sale of company securities during certain periods.

(c) Elements of remuneration**(i) Fixed annual remuneration (FR)**

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. 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

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the company, at the determination of the remuneration committee and board.

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

(iii) Long-term incentives

Executives may also be provided with longer-term incentives through the company's 'employee security ownership plan' (ESOP), that was approved by shareholders at the annual general meeting held on 13 November 2017. The aim of the ESOP is to allow executives to participate in, and benefit from, the growth of the company as a result of their efforts and to assist in motivating and retaining those key employees over the long-term. Continued service is the condition attached to the vesting of the options. The board at its discretion determines the total number of options granted to each executive.

The chief executive officer's remuneration package includes the following milestone-based share-based payments whereby the milestone must be achieved by 30 June 2021:

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

Refer to the table on page 15 for detail of options issued to the CEO and CFO. These options do not have milestone hurdles attached but do have continued service conditions.

(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 since inception (as the business has been established less than five years 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.

	2019	2018	2017
Loss for the year attributable to owners (US\$)	9,535,057	6,769,702	5,331,794
Basic loss per share (US cents)	4.03	4.51	5.67
Share price at year end (A\$)	0.12	0.19	0.29

(e) Remuneration expenses

The following tables show details of the remuneration expense recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2019.

2019

	Short-term benefits		Post-employment benefits	Long term benefits	Share based payments	
	Cash salary and fees	Other	Super annuation	Long service leave	Options	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Non-executive directors						
Mr Allan Brackin	33,465	-	-	-	7,407	40,872
Mr Matthew Morgan	45,720	-	-	-	-	45,720
Mr Jonathan Tooth	25,818	-	-	-	-	25,818
Mr George Lauro	42,773	-	-	-	-	42,773
Mr Camillo Martino	43,030	-	-	-	13,793	56,823
Executive directors						
Mr Ralph Schmitt	300,000	113,400	-	-	154,742	568,142
Other KMP						
Mr David Garrison	210,000	58,580	-	-	68,430	337,010
Total KMP compensation	700,806	171,980	-	-	244,372	1,117,158

Notes: Cash bonus includes the amount accrued in the year ended 30 June 2019 in relation to FY 2019 performance as follows:

- Mr Ralph Schmitt was eligible for 37.8% of his 100% performance bonus. This amounted to \$113,400 and was approved by the board in FY 2020. The bonus was granted on the basis of partially meeting the year-on-year revenue growth and securing working capital required to fund the operation during the financial year. No bonus was granted on Total Shareholder Return, being majority of his entitlement and profitability.
- Mr David Garrison was eligible for 79.7% of his 35% performance bonus. This amounted to \$58,580 and was approved by the board in FY 2020. The bonus was granted on the basis of partially meeting the year-on-year revenue growth, securing working capital required to fund the operation during the financial year, timely reporting, successful implementation of internal ERP system, and improvements of internal reporting structure and protocols. No bonus was granted on profitability and Total Shareholder Return.

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2018.

2018

	Short-term benefits		Post-employment benefits	Long term benefits	Share based payments	
	Cash salary and fees	Other	Super annuation	Long service leave	Options	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Non-executive directors						
Mr Matthew Morgan	80,646	-	-	-	-	80,646
Mr Jonathan Tooth	27,839	-	-	-	-	27,839
Mr George Lauro	284,679	-	-	-	-	284,679
Executive directors						
Mr Ralph Schmitt	162,500	102,600	-	-	286,204	551,304
Other KMP						
Mr David Garrison	111,616	39,531	-	-	117,239	268,386
Total KMP compensation	667,280	142,131	-	-	403,443	1,212,854

Notes: Mr George Lauro's cash salary and fees for the year ended 30 June 2018 includes a success fee for the completion of the nanotron acquisition.

Cash bonus includes the amount accrued in the year ended 30 June 2018 in relation to FY 2018 performance as follows:

- Mr Ralph Schmitt was eligible for 51.3% of his 100% performance bonus (prorated to his 6 November 2017 employment commencement). This amounted to \$102,600 and was approved by the board in FY 2019.
- Mr David Garrison was eligible for 92.2% of his 35% performance bonus (prorated to his 18 December 2017 employment commencement). This amounted to \$39,531 and was approved by the board in FY 2019.

(f) Service agreements

Name:	Mr Allan Brackin
Position:	Independent Non-Executive Chairman
Contract duration:	Unspecified
Notice period:	Unspecified
Fixed remuneration:	A\$80,000 per annum including director fee, effective 1 December 2018
Name:	Mr Ralph Schmitt
Position:	Managing Director
Contract duration:	Indefinite until terminated pursuant to termination clause
Notice period:	30 days by either party
Fixed remuneration:	US\$300,000 per annum including director fee, effective 6 November 2017
Name:	Mr Matthew Morgan
Position:	Non-Executive Director
Contract duration:	Unspecified
Notice period:	Unspecified
Fixed remuneration:	A\$45,000 per annum including director fees, effective 1 December 2018

Name:	Mr Jonathan Tooth
Position:	Non-Executive Director
Contract duration:	Unspecified
Notice period:	Unspecified
Fixed remuneration:	A\$36,000 per annum including director fees, effective 1 December 2017
Name:	Mr George Lauro
Position:	Non-Executive Director
Contract duration:	Unspecified
Notice period:	Unspecified
Fixed remuneration:	A\$60,000 per annum including director and consulting fees, effective 1 December 2017
Name:	Mr Camillo Martino
Position:	Non-Executive Director
Contract duration:	Unspecified
Notice period:	Unspecified
Fixed remuneration:	A\$60,000 per annum including director and consulting fees, effective 1 July 2018
Name:	Mr David Garrison
Position:	Chief Financial Officer
Contract duration:	Indefinite until terminated pursuant to termination clause
Notice period:	Unspecified
Fixed remuneration:	US\$210,000 per annum, effective 18 December 2017

(g) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on pages 17 and 18 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
	%	%	%	%	%	%
Non-executive director						
Mr Allan Brackin	100	-	-	-	-	-
Mr Matthew Morgan	100	100	-	-	-	-
Mr Jonathan Tooth	100	100	-	-	-	-
Mr George Lauro	100	100	-	-	-	-
Mr Camillo Martino	100	-	-	-	-	-
Executive directors						
Mr Ralph Schmitt	53	29	20	19	27	52
Other KMP						
Mr David Garrison	62	42	18	14	20	44

(ii) 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:

Employee	Grant date	Vesting and exercise date	Expiry date	No of options	Exercise price (A\$)	Value per option at grant date (A\$)	Total value of options at grant date (A\$)	Number vested
Mr Ralph Schmitt	2017-11-30	2017-11-06	2022-11-29	750,000	0.35	0.2328	174,600	750,000
Mr Ralph Schmitt	2017-11-30	2018-11-06	2022-11-29	750,000	0.15	0.2328	174,600	750,000
Mr Ralph Schmitt	2017-11-30	2019-11-06	2022-11-29	750,000	0.15	0.2328	174,600	-
Mr Ralph Schmitt	2017-11-30	2020-11-06	2022-11-29	750,000	0.15	0.2328	174,600	-
Mr David Garrison	2017-12-08	2017-12-08	2022-12-17	375,000	0.15	0.1997	74,888	375,000
Mr David Garrison	2017-12-08	2018-12-08	2022-12-17	375,000	0.15	0.1997	74,888	375,000
Mr David Garrison	2017-12-08	2019-12-08	2022-12-17	375,000	0.15	0.1997	74,888	-
Mr David Garrison	2017-12-08	2020-12-08	2022-12-17	375,000	0.15	0.1997	74,888	-
Mr Camillo Martino	2019-04-29	2019-07-02	2023-07-02	250,000	0.15	0.0646	16,150	-
Mr Camillo Martino	2019-04-29	2020-07-02	2023-07-02	250,000	0.15	0.0646	16,150	-
Mr Camillo Martino	2019-04-29	2021-07-02	2023-07-02	250,000	0.15	0.0646	16,150	-
Mr Allan Brackin	2019-04-29	2019-12-01	2023-11-30	333,333	0.15	0.0675	22,500	-
Mr Allan Brackin	2019-04-29	2020-12-01	2023-11-30	333,333	0.15	0.0675	22,500	-
Mr Allan Brackin	2019-04-29	2020-12-01	2023-11-30	333,334	0.15	0.0675	22,500	-

(iii) Reconciliation of options and ordinary shares held by KMP*Option holdings*

2019	Balance at the start of the period ¹	Granted as remuneration	Exercised	Other changes ²	Balance at the end of the period ³	Vested and exercisable
Options						
Mr Allan Brackin	-	1,000,000	-	-	1,000,000	-
Mr Ralph Schmitt	3,000,000	-	-	-	3,000,000	1,500,000
Mr Matthew Morgan	-	-	-	-	-	-
Mr Jonathan Tooth	-	-	-	-	-	-
Mr George Lauro	-	-	-	-	-	-
Mr Camillo Martino	-	750,000	-	-	750,000	-
Mr David Garrison	1,500,000	-	-	-	1,500,000	750,000
	4,500,000	1,750,000	-	-	6,250,000	2,250,000

Notes

- Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.
- Other changes incorporates changes resulting from the lapse/forfeiture of options.
- For former KMP, the balance is as at the date they cease being KMP.

Share holdings

2019	Balance at the start of the period ¹	Granted as remuneration	Received on exercise of options	Other changes ²	Balance at the end of the period ³
Ordinary shares					
Mr Allan Brackin	-	-	-	909,091	909,091
Mr Ralph Schmitt	200,000	-	-	1,318,182	1,518,182
Mr Matthew Morgan	2,710,237	-	-	545,454	3,255,691
Mr Jonathan Tooth	2,004,000	-	-	9,780,386	11,784,386
Mr George Lauro	915,755	-	-	-	915,755
Mr Camillo Martino	-	-	-	772,727	772,727
Mr David Garrison	200,000	-	-	545,455	745,455
	6,029,992	-	-	13,871,295	19,901,287

Notes

1. Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.
2. Other changes incorporates changes resulting from the director's participation in the group's capital raising during the year.
3. For former KMP, the balance is as at the date they cease being KMP.

(iv) Other transactions with key management personnel

During the year, the group received a US\$650,000 promissory note from an associate entity of Mr Jonathan Tooth, a director of the group. The loan has a term of 12 months, with a 10% per annum interest rate payable quarterly.

Further information is disclosed in notes 5(d) and 17 of the financial report.

(v) Voting of shareholders at last year's annual general meeting

Sensera Limited received more than 75% of favourable votes on its remuneration report for the 2018 financial year. The company did not receive any specific feedback at the 2018 annual general meeting or throughout the year on its remuneration practices.

[This concludes the remuneration report, which has been audited]

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 (\$)	Number under option
2017-04-26	2020-04-25	0.50	1,750,000
2017-11-30	2022-11-29	0.35 / 0.15	3,000,000
2017-12-08	2022-12-17	0.15	1,500,000
2017-12-08	2020-08-15	0.40	1,500,000
2018-07-01	2022-06-30	0.15	800,000
2019-04-29	2023-07-03	0.15	750,000
2019-04-29	2023-11-30	0.15	1,000,000
Total			10,300,000

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

(b) Shares issued on the exercise of options

No ordinary shares of Sensera Limited were issued during the year ended 30 June 2019 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 A\$77,193 to insure the directors and secretaries of the company.

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 company 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:

	2019	2018
	US\$	US\$
Taxation services		
Grant Thornton Audit Pty Ltd and its related entities and other Grant Thornton network firms:		
Tax compliance services	15,146	2,216
Total remuneration for taxation services	15,146	2,216
Other services		
Grant Thornton Audit Pty Ltd firm and its related entities and other Grant Thornton network firms:		
Consulting services	-	4,293
Total remuneration for other services	-	4,293
Total remuneration for non-audit services	15,146	6,509

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 24.

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 directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



Mr Allan Brackin
Independent Non-Executive Chairman

Sydney
30 September 2019

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 2019, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 30 September 2019

Corporate Governance Statement

Sensera Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Sensera Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 corporate governance statement was approved by the board on 30 September 2019. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at sensera.com.

Annual Financial Report - 30 June 2019

Annual financial report – 30 June 2019 for Sensera Limited ACN 613 509 041

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These financial statements are consolidated financial statements for the group consisting of Sensera Limited and its subsidiaries. A list of major subsidiaries is included in note 13.

Sensera Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 62 Lygon Street
Carlton VIC 3053

The financial statements were authorised for issue by the directors on 30 September 2019. The directors have the power to amend and reissue the financial statements.

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	2	10,179,856	6,350,113
Cost of sales		(6,033,636)	(3,072,927)
Gross profit		4,146,220	3,277,186
Other income		88,506	99,090
Other gains/(losses) – net		(116,817)	(8,476)
Operation, overheads and administrative expenses	3(a)	(10,829,372)	(8,498,705)
Research and development expenses		(1,341,274)	(1,239,586)
Selling and marketing expenses	3(a)	(1,362,559)	(410,525)
Operating loss		(9,415,296)	(6,781,016)
Finance income		93	11,314
Finance expenses		(113,411)	-
Finance costs – net		(113,318)	11,314
Loss before income tax		(9,528,614)	(6,769,702)
Income tax expense	4	(6,443)	-
Loss for the period		(9,535,057)	(6,769,702)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	7(b)	(230,099)	76,603
Total comprehensive loss for the period		(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 and diluted loss per share	20	(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.

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 US\$	2018 US\$
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	838,136	2,030,566
Trade and other receivables	5(b)	2,001,688	976,708
Inventories	6(a)	1,151,838	447,696
Other current assets	6(b)	377,539	749,748
Total current assets		4,369,201	4,204,718
Property, plant and equipment	6(c)	920,627	780,869
Intangible assets	6(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	5(c)	3,026,701	3,590,088
Contract liabilities	2(b)	618,923	643,113
Borrowings	5(d)	2,466,064	-
Employee benefit obligations		135,714	83,547
Provisions	6(e)	500,350	472,459
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 asset		7,087,900	8,327,578
EQUITY			
Share capital	7(a)	28,476,830	20,237,536
Reserves	7(b)	84,869	191,538
Accumulated losses		(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.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Attributable to owners of Sensera Limited			
		Share capital	Other reserves	Accumulated losses	Total equity
		US\$	US\$	US\$	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	7(a)	9,443,994	-	-	9,443,994
Share-based payment expenses	7(b)	-	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	7(a)	8,070,088	-	-	8,070,088
Lapsed options	7(b)	-	(162,754)	162,754	-
Share-based payment expenses	7(b)	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.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 US\$	2018 US\$
Cash flows from operating activities			
Receipts from customers		9,204,460	5,540,174
Payments to suppliers and employees		(17,362,012)	(11,657,544)
Net cash (outflow) from operating activities	8(a)	(8,157,552)	(6,117,370)
Cash flows from investing activities			
Payment for acquisition of subsidiary (instalments for nanotron acquisition)	12	(2,225,645)	(4,195,307)
Payments for property, plant and equipment	6(c)	(360,816)	(1,321,796)
Payment for software and capitalised development costs	6(d)	(587,009)	-
Proceeds from sale of property, plant and equipment		-	1,111,635
Interest received		93	11,314
Net cash (outflow) from investing activities		(3,173,377)	(4,394,154)
Cash flows from financing activities			
Proceeds from issues of shares	7(a)	8,459,494	8,931,207
Proceeds from borrowings	5(d)	2,466,064	-
Share issue transaction costs	7(a)	(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		(987,077)	(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		(205,353)	118,743
Cash and cash equivalents at end of year	5(a)	838,136	2,030,566

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

Notes to the Financial Statements

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Notes to the 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, that are used to make strategic decisions, assess performance and determine the allocation of resources.

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

- **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.
- **IoT solutions:** 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 (IoT). The IoT solutions business segment is based in Berlin, Germany.

(b) Financial breakdown

The segment information for the reportable segments for the year ended 30 June 2019 is as follows:

2019	Microdevices	IoT solutions	Total
	US\$	US\$	US\$
Total segment revenue	3,417,472	6,762,384	10,179,856
Adjusted EBITDA	(4,989,415)	(2,499,088)	(7,488,503)
Corporate EBITDA	-	-	(1,689,772)
Total adjusted EBITDA	(4,989,415)	(2,499,088)	(9,178,275)
Other gains/(losses) – net	-	(11,631)	(11,631)
Depreciation and amortisation	(87,383)	(32,823)	(120,206)
Finance income	93	-	93
Finance expenses	-	(291)	(291)
Corporate expenses	-	-	(224,747)
Net profit/(loss) for the period	(5,076,705)	(2,543,833)	(9,535,057)
Segment current assets	1,512,419	2,726,484	4,238,903
Segment non-current assets	565,205	9,821,564	10,386,769
Corporate assets	-	-	130,298
Total assets	2,077,624	12,548,048	14,755,970
Segment liabilities	(1,117,326)	(2,614,122)	(3,731,448)
Corporate liabilities	-	-	(3,936,622)
Total liabilities	(1,117,326)	(2,614,122)	(7,668,070)

The segment information for the reportable segments for the year ended 30 June 2018 is as follows:

2018	Microdevices	IoT solutions	Total
	US\$	US\$	US\$
Total segment revenue	1,947,255	4,402,858	6,350,113
Adjusted EBITDA	(3,703,358)	(1,126,532)	(4,829,890)
Corporate EBITDA	-	-	(1,760,657)
Total adjusted EBITDA	(3,703,358)	(1,126,532)	(6,590,547)
Other gains/(losses) – net	-	(16,814)	(16,814)
Depreciation and amortisation	(203,741)	(77,342)	(281,083)
Finance income	11,314	122,968	134,282
Corporate expenses	-	-	-
Net profit/(loss) for the period	(3,895,785)	(1,097,720)	(6,769,702)
Segment current assets	2,717,959	1,312,237	4,030,196
Segment non-current assets	304,546	9,521,395	9,825,941
Corporate assets	-	-	174,523
Total assets	3,022,505	10,833,632	14,030,660
Segment liabilities	(729,558)	(4,952,464)	(5,682,022)
Corporate liabilities	-	-	21,060
Total liabilities	(729,558)	(4,952,464)	(5,703,082)

2 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 and the transfer of services over time in the following major product lines:

2019	Microdevices	IoT solutions	Total
	US\$	US\$	US\$
Timing of revenue recognition			
At a point in time	2,045,406	6,762,384	8,807,790
Over time	1,372,066	-	1,372,066
	3,417,472	6,762,384	10,179,856
2018			
Timing of revenue recognition			
At a point in time	-	4,400,511	4,400,511
Over time	1,949,602	-	1,949,602
	1,949,602	4,400,511	6,350,113

(i) Information about major customers

The group had the following major customers with revenues amounting to 10 percent or more of total group revenues:

	2019	2018
	%	%
Customer A (IoT solutions segment)	44	29
Customer B (microdevices segment)	21	-
	65	29

(b) Assets and liabilities related to contracts with customers

	2019	2018
	US\$	US\$
Contract liabilities - IoT solutions contracts	618,923	643,113
Total current contract liabilities	618,923	643,113

Contract liabilities relate to down payments from customers in relation to goods yet to be delivered by the group in relation to IoT solutions contracts.

(c) 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 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 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.

(iv) Previous accounting policies for revenue recognition

For the year ended 30 June 2018, revenue is recognised for the major business activities using the methods outlined below.

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.

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.

(v) Impact of change in accounting policy

The impact of adopting the new accounting standard on revenue recognition, *AASB 15 Revenue from Contracts with Customers*, is further discussed in note 24(c).

3 Expense items

(a) Breakdown of expenses by nature

	2019	2018
	US\$	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

4 Income tax expense

(a) Income tax expense

	2019	2018
	US\$	US\$
Current tax		
Total current tax expense	-	-
Deferred income tax		
(Decrease)/increase in deferred tax liabilities	6,443	-
Total deferred tax expense/(benefit)	6,443	-
Income tax expense	6,443	-
Income tax expense is attributable to:		
Profit from continuing operations	6,443	-

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

	2019	2018
	US\$	US\$
Loss from continuing operations before income tax expense	(9,528,614)	(6,769,702)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(2,620,369)	(1,861,668)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Net impact of amounts not deductible (taxable)	166,122	176,417
Subtotal	(2,454,247)	(1,685,251)
Difference in overseas tax rates	(44,323)	(318,198)
Tax losses and other timing differences for which no deferred tax asset is recognised	2,505,013	2,003,449
Income tax expense	6,443	-

(c) Tax losses

	2019	2018
	US\$	US\$
Unused tax losses for which no deferred tax asset has been recognised	20,761,325	11,652,186
Potential tax benefit @ 27.5%	5,709,364	3,204,351

5 Financial assets and financial liabilities**(a) Cash and cash equivalents**

	2019	2018
	US\$	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	2018
	US\$	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. See note 23(i) for the group's other accounting policies on cash and cash equivalents.

(b) Trade and other receivables

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Trade receivables (i)	2,028,028	-	2,028,028	987,938	-	987,938
Loss allowance	(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 12 months 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. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 10(b).

(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.

(iii) Impairment and risk exposure

Information about the impairment of trade receivables and the group's exposure to credit risk and foreign currency risk can be found in note 10.

(c) Trade and other payables

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Trade payables (i)	2,003,032	-	2,003,032	822,917	-	822,917
Accrued expenses (ii)	926,186	-	926,186	2,412,400	-	2,412,400
Other payables	97,483	-	97,483	354,771	-	354,771
Total trade and other payables	3,026,701	-	3,026,701	3,590,088	-	3,590,088

Trade 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.

(i) Trade payables

The balance as at 30 June 2019 includes US\$64,854 (2018: US\$13,415) due to key management personnel of the group.

(ii) Accrued expenses

The balance as at 30 June 2018 includes US\$2,271,736, being deferred consideration for the nanotron acquisition.

(d) Borrowings

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Secured						
Invoice financing (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	-	-	-

(i) Invoice financing

Invoice financing (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% per 30-day period with a 1% plus GST draw down fee. A guarantee over all the assets of the group is attached to this facility.

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 21.

(ii) Promissory notes

Promissory notes (unsecured) comprise a debt agreement with a key investor and Mr Jonathan Tooth, a director of Sensera Limited. Entered into during February and March 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.

Further information relating to the borrowings from the related party is set out in note 17.

(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.

(iv) Risk exposures

Details of the group's exposure to risks arising from borrowings are set out in note 10.

(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 At 30 June 2019	Notes	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial liabilities					
Invoice financing (secured)	5(d)	-	-	1,466,064	1,466,064
Promissory notes (unsecured)	5(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.

6 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

(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	2018
	US\$	US\$
Current assets		
Prepayments	116,834	456,110
Deposits and other items	260,705	293,638
Total other current assets	377,539	749,748

(c) Property, plant and equipment

	R&D equipment	Furniture and fittings	Leasehold improvements	Other fixed assets	Total
	US\$	US\$	US\$	US\$	US\$
Non-current assets					
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
Acquisition of subsidiary	-	-	-	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
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	632,266	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) 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

See note 23(m) for the other accounting policies relevant to property, plant and equipment.

(d) Intangible assets

	Goodwill	Software	Capitalised development costs	Total
	US\$	US\$	US\$	US\$
Non-current assets				
At 1 July 2017				
Cost	-	-	11,945	11,945
Net book amount	-	-	11,945	11,945
Year ended 30 June 2018				
Opening net book amount	-	-	11,945	11,945
Additions	-	-	55,563	55,563
Acquisition of business	5,959,850	-	3,473,167	9,433,017
Exchange differences	-	-	(48,061)	(48,061)
Amortisation charge	-	-	(407,391)	(407,391)
Closing net book amount	5,959,850	-	3,085,223	9,045,073
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	-	480,171	106,837	587,008
Exchange differences	-	-	(165,939)	(165,939)
Closing net book amount	5,959,850	480,171	3,026,121	9,466,142
At 30 June 2019				
Cost	5,959,850	480,171	3,026,121	9,466,142
Net book amount	5,959,850	480,171	3,026,121	9,466,142

(i) Impairment tests for goodwill, software and capitalised development costs

The group tests whether goodwill, software (a not yet ready for use intangible asset) and capitalised development costs (an indefinite life intangible asset) 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. The following key assumptions are used:

- Discount rate is the weighted average cost of capital (WACC) for the group, estimated at 16.5% per annum.
- Revenue growth rate of between 25% to 50% per annum from FY 2020 to FY 2024, generating an annual gross margin of 50% to 62%.
- Terminal value is calculated based on a growth rate of 1% per annum.

The inherent nature of future projected results means that, by definition, the resulting accounting estimates will seldom equal the related actual results. The recoverable amount is particularly sensitive to key assumptions including, revenue growth, gross margin, and overheads rate. As a result, the Group has conducted a sensitivity analysis on the recoverable amount. Based on this analysis, the Group's projected results will need to achieve a minimum revenue growth rate, annual gross margin and overheads % of revenue rate of 25%, 47% and 37% for there to be no impairment charge.

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	Non-current	Total	Current	Non-current	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Provision (i)	500,350	-	500,350	472,459	-	472,459

(i) Information about individual provisions*Licensing product reserve*

Provisions include US\$226,261 (2018: US\$186,466) 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.

7 Equity

(a) Share capital

	Notes	2019 Shares	2018 Shares	2019 US\$	2018 US\$
Ordinary shares	7(a)(ii)				
Fully paid		272,751,012	163,971,878	28,476,830	20,237,536
	7(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 at 1 July 2017	122,100,000	10,793,542
Issue at \$0.32 pursuant to placement (2017-08-21)	14,330,000	3,621,707
Issue at \$0.30 pursuant to placement (2017-11-29)	23,333,333	5,309,500
Issue of shares to consultants for services rendered	232,593	61,146
Commitment to issue to nanotron vendors, part of 2nd instalment	3,975,952	1,009,272
Less: Transaction costs arising on share issues	-	(557,631)
Balance at 30 June 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 at 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.

(iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in notes 7(b)(ii) and 18.

(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.

	Notes	Common control reserve US\$	Share-based payments US\$	Foreign currency translation US\$	Total reserves US\$
At 1 July 2017		(1,208,466)	447,072	309,101	(452,293)
Currency translation		-	-	76,603	76,603
Other comprehensive income	-	-	-	76,603	76,603
<i>Transactions with owners in their capacity as owners</i>					
Share-based payment expenses	7(b)(ii)	-	567,228	-	567,228
At 30 June 2018		(1,208,466)	1,014,300	385,704	191,538
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)
<i>Transactions with owners in their capacity as owners</i>					
Share-based payment expenses	7(b)(ii)	-	286,184	-	286,184
Options lapsed during the year	7(b)(ii)	-	(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 combination 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 issued to key management personnel, other employees and eligible contractors.

Foreign currency translation

Exchange differences arising on translation of operations into United States dollars are recognised in other comprehensive income as described in note 23(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Movements in options:

Details	Notes	Number of Options	Total US\$
Balance at 1 July 2017		3,000,000	447,072
Issue of ESOP unlisted options at \$0.35 (2017-11-30)		3,000,000	286,204
Issue of unlisted options at \$0.35 to consultants (2017-12-08)		1,500,000	163,785
Lapse of unlisted options at \$0.50 (2018-04-25)		(500,000)	-
Issue of ESOP unlisted options at \$0.35 (2018-06-15)		1,500,000	117,239
Balance at 30 June 2018		8,500,000	1,014,300
Issue of ESOP unlisted options \$0.15 each (2018-07-01)	18(a)(iii)	800,000	41,810
Lapse of unlisted options at \$0.40 (2019-04-25)		(750,000)	(98,831)
Issue of ESOP unlisted options \$0.15 each (2019-04-29)		1,750,000	21,201
Amortisation of share-based payments for options issued in prior period		-	223,173
Reclassify lapsed options from reserves to accumulated losses		-	(63,923)
Balance at 30 June 2019		10,300,000	1,137,730

8 Cash flow information

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

	Notes	2019 US\$	2018 US\$
Loss for the period		(9,535,057)	(6,769,702)
Adjustments for			
Depreciation and amortisation		120,205	281,083
Expected credit losses		18,523	-
Finance costs		113,411	-
Finance income		(93)	(11,314)
(Gain)/loss on sale of property, plant and equipment		-	(73,290)
Impairment expense		-	407,391
Provision for doubtful debts and inventory		-	(229,307)
Unrealised net foreign currency (gains)/losses		(1,100)	-
Share-based payments	18(b)	538,108	632,780
Change in operating assets and liabilities:			
Movement in trade and other receivables		(804,188)	(800,140)
Movement in inventories		(704,141)	642,595
Movement in other operating assets		372,210	(400,690)
Movement in trade and other payables		1,662,260	(127,552)
Movement in contract liabilities		(24,190)	-
Movement in other operating liabilities		80,057	330,776
Movement in deferred tax liabilities		6,443	-
Net cash inflow (outflow) from operating activities		(8,157,552)	(6,117,370)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- shares issued to employees under the employee security ownership plan (ESOP) for no cash consideration - note 7(a)(i).
- options issued for no cash consideration - note 18.

9 Critical estimates and judgements

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.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of revenue relating to the provision of services - note 2(c)(ii)
- Estimated goodwill, software and capitalised development costs impairment - note 6(d)(i)
- Estimation of expected credit losses on trade receivables - note 10(b)(ii)
- Estimation of share-based payments - note 18(a)(i)
- Evaluation of going concern - note 23(a)(iii)

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.

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 year 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 a foreign exchange expert to obtain advice and forecasts on the movement of exchange rates between AUD, EUR and USD 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 2019, no contracts have been entered.
	Translation of the group's AUD and EUR operations to USD on consolidation	N/A	N/A
Credit risk	Receivables from NRE contracts collectible only on completion of milestones specified in these 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 risk management is carried out by the board and the group's senior management team to identify, evaluate and hedge financial risks (if required) in close co-operation with the group's operating units. This process includes reviewing the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(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:

	2019	2018
	US\$	US\$
<i>Amounts recognised in profit or loss</i>		
Net foreign exchange gain/(loss) included in other gains/(losses)	(117,196)	(8,475)
<i>Net gain/(losses) recognised in other comprehensive income (note 7(b))</i>		
Translation of foreign currency operations	(230,099)	76,603

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 currency financial statements into USD.

	Impact on loss for the period		Impact on other components of equity	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
USD/AUD exchange rate - change by 1.8% (2018: 2.0%)*	7,923	38,860	3,187	3,170
USD/EUR exchange rate - change by 0.8% (2018: 1.7%)*	3,319	1,264	400	1,404

* 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

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

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 their customers' executives and senior management to ensure that milestones specified in the contracts are met in a timely manner. Management updates its cost forecasts on a regular basis for all on-going contracts.

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

(ii) Impairment of financial assets

The group has one type of financial asset subject to the expected credit loss model:

- trade receivables for sales of inventory and from the provision of engineering services

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The group applies the AASB 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2019 from the ECL method was determined to be \$39,454. This amount was ascertained based on an individual client analysis; the identified loss beyond this at a portfolio level was determined to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 121 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

(c) Liquidity risk

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

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

(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 amounts as the impact of discounting is not material.

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
At 30 June 2019	US\$	US\$	US\$	US\$	US\$	US\$
Trade payables	2,003,032	-	-	-	2,003,032	2,003,032
Borrowings	1,466,064	1,000,000	-	-	2,466,064	2,466,064
	3,469,096	1,000,000	-	-	4,469,096	4,469,096
At 30 June 2018						
Trade payables	822,917	-	-	-	822,917	822,917
	822,917	-	-	-	822,917	822,917

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 2019, the group had a total credit facility capacity of US\$3,100,000 (US\$2,466,064 was drawn down) with several external parties, including a related party.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2019 (2018: nil). The group's franking account balance was nil at 30 June 2019 (2018: 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 in 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. No adjustments were made during the year ended 30 June 2019.

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

There were no acquisitions in the year ended 30 June 2019.

(i) 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 as 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

	2019	2018
	US\$	US\$
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	2,225,645	4,441,875
Less: Balances acquired		
Cash	-	[246,568]
Outflow of cash - investing activities	2,225,645	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 Interest in other entities**(a) Material subsidiaries**

The group's principal subsidiaries at 30 June 2019 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.

	Place of business / country of incorporation	Ownership interest held by the group	
		2019	2018
		%	%
Sensera Inc.	United States	100	100
nanotron Technologies GmbH	Germany	100	100

14 Contingent liabilities

The group had no contingent liabilities at 30 June 2019 (2018: nil).

15 Commitments

(a) Non-cancellable operating leases

As at 30 June 2019, the group had the following non-cancellable operating lease contracted but not capitalised in the financial statements:

	2019	2018
	US\$	US\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,353,080	1,204,340
Later than one year but not later than five years	197,554	787,933
	1,550,634	1,992,273

These leases relate to:

- Office suite lease in Boston, Massachusetts. The lease has 12-month term, expiring on 29 February 2020;
- Office suite lease in Berlin, Germany. The lease has 5-year term, expiring on 31 July 2020;
- Equipment lease for assets located in Boston, Massachusetts which expires in June 2021.

16 Events occurring after the reporting period

On 30 September 2019, the Group entered into a binding agreement to raise a minimum of A\$8.4 million to fund its working capital, via a combination of long-term debt and equity vehicles.

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 years.

17 Related party transactions

(a) Subsidiaries

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

(b) Key management personnel compensation

	2019	2018
	US\$	US\$
Short-term employee benefits	872,786	809,411
Share-based payments	244,372	403,443
	1,117,158	1,212,854

Detailed remuneration disclosures are provided in the remuneration report on page 13.

(c) Loans to/from related parties

	2019	2018
	US\$	US\$
<i>Loans from director related entity</i>		
Beginning of the year	-	-
Loans advanced	650,000	-
Loans repayments made	-	-
Interest charged	22,931	-
Interest paid	(22,931)	-
End of year	650,000	-

(d) Terms and conditions

On 22 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.

18 Share-based payments**(a) Employee security ownership plan**

The establishment of the 'employee security ownership plan' (ESOP) was approved by shareholders at the 2017 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) and consultants to deliver long-term shareholder returns.

Set out below are summaries of options granted under the plan:

	2019		2018	
	Average exercise price per share option (A\$)	Number of options	Average exercise price per share option (A\$)	Number of options
As at 1 July	\$0.39	8,500,000	\$0.44	3,000,000
Granted during the year	\$0.21	2,550,000	\$0.36	6,000,000
Lapsed during the year	\$0.40	(750,000)	\$0.30	(500,000)
As at 30 June	\$0.35	10,300,000	\$0.39	8,500,000
Vested and exercisable at 30 June	\$0.41	5,700,000	\$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	Share options	Share options
		\$	30 June 2019	30 June 2018
2017-04-26	2019-04-25	0.40	-	750,000
2017-04-26	2020-04-25	0.50	1,750,000	1,750,000
2017-11-30 (ii)	2022-11-29	0.15	3,000,000	3,000,000
2017-12-08 (ii)	2022-12-17	0.15	1,500,000	1,500,000
2017-12-08	2020-08-15	0.40	1,500,000	1,500,000
2018-07-01 (ii)	2022-06-30	0.15	800,000	-
2019-04-29	2023-07-03	0.15	750,000	-
2019-04-29	2023-11-30	0.15	1,000,000	-
Total			10,300,000	8,500,000

Weighted average remaining contractual life of options outstanding at end of period (years)

2.76

3.17

(i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for options granted during the year ended 30 June 2019 included:

Grant date	Expiry date	Exercise price	No. of options	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per option
.		A\$		A\$				A\$
2018-07-01 (ii)	2022-06-30	0.15	800,000	0.19	89.78%	0.00%	2.29%	0.1031
2019-04-29	2023-07-02	0.15	750,000	0.11	88.45%	0.00%	1.40%	0.0646
2019-04-29	2023-11-30	0.15	1,000,000	0.11	88.45%	0.00%	1.40%	0.0675
			2,550,000					

(ii) Modification of option conditions

During the year, the company has modified the option conditions to adjust the exercise price of several option tranches issued in prior periods to be aligned with the current market value. The modification did not result in an adjustment to the original valuation as it was a decrease to the value of the options granted in prior periods.

(b) Expenses arising from share-based payment transactions

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

	2019	2018
	US\$	US\$
Shares issued to employees under ESOP	169,206	-
Shares issued to consultants	82,718	65,552
Options issued to employees under ESOP	286,184	403,443
Options issued to consultants	-	163,785
	538,108	632,780

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, related entities and other Grant Thornton network firms**(i) Audit and other assurance services**

	2019	2018
	US\$	US\$
Audit and review of financial statements	198,511	184,771
Total remuneration for audit and other assurance services	198,511	184,771

(ii) Taxation services

Tax compliance services	15,146	2,216
Total remuneration for taxation services	15,146	2,216

(iii) Other services

Consulting services	-	4,293
Total remuneration for other services	-	4,293
Total auditor's remuneration	213,657	191,280

It is the group's policy to employ Grant Thornton Audit Pty Ltd on assignments additional to their statutory audit duties where Grant Thornton Audit Pty Ltd's expertise and experience with the group are important. These assignments are principally tax advice, 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) Reconciliation of loss used in calculating loss per share

	2019	2018
	US\$	US\$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	9,535,057	6,769,702

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

	2019	2018
	Number	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.

21 Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

	Notes	2019	2018
		US\$	US\$
Current			
<i>Invoice financing</i>			
Cash and cash equivalents	5(a)	838,136	-
Trade and other receivables	5(b)	2,001,688	-
Inventories	6(a)	1,151,838	-
Other current assets	6(b)	377,538	-
Total current assets pledged as security		4,369,200	-
Non-current			
<i>Invoice financing</i>			
Property, plant and equipment	6(c)	920,627	-
Intangible assets		9,466,142	-
Total non-current assets pledged as security		10,386,769	-
Total assets pledged as security		14,755,969	-

22 Parent entity financial information

(a) Summary financial information

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

	2019	2018
	US\$	US\$
Balance sheet		
Current assets	130,298	174,524
Non-current assets	9,414,249	21,245,148
Total assets	9,544,547	21,419,671
Current liabilities	3,016,305	2,254,811
Total liabilities	3,016,305	2,254,811
<i>Shareholders' equity</i>		
Share capital	28,476,830	20,237,536
Reserves		
Foreign currency translation	(408,289)	467,509
Share-based payments	1,137,730	1,014,300
Accumulated losses	(22,678,029)	(2,554,485)
	6,528,242	19,164,860
Profit or loss for the period	(17,406,206)	1,259,115

As at 30 June 2019, the intercompany loan balance between the parent and its subsidiaries amounted to nil (2018: \$11,345,659) due to a US\$18,651,844 impairment loss on the intercompany loans recognised during the year ended 30 June 2019 (2018: nil).

(b) Guarantees entered into by the parent entity

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 in the years ended 30 June 2019 and 2018.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2019 (2018: nil).

(e) Determining the parent entity financial information

The financial information for the parent entity 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.

23 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Sensera Limited and its subsidiaries.

(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

As disclosed in the financial statements, the group incurred a loss of US\$9,535,057 and had operating cash outflows of US\$8,157,552 for the year ended 30 June 2019. As at 30 June 2019, the group had a net current asset deficiency of US\$2,378,551 and cash and cash equivalents of US\$838,136.

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, with consideration to the additional funding of A\$8.4 million secured in September 2019 (refer to note 16).

Based on the above considerations, the board believes that the group will be able to repay its debts as and when they fall due. Accordingly, 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.

(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.*

The group has changed its accounting policies without making retrospective adjustments following the adoption of AASB 9 and AASB 15. This is disclosed in note 24. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 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	AASB 16 Leases
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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.
Impact	<p>The group has reviewed all leasing arrangements in light of the new lease accounting rules in AASB 16. The standard will affect the accounting for the group's operating leases.</p> <p>As at the reporting date, the group has non-cancellable operating lease commitments of \$1,550,634, see note 15(a).</p> <p>The group expects to recognise right-of-use assets of approximately \$1.5 million on 1 July 2019 and lease liabilities of \$1.45 million (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019).</p> <p>The group expects that net profit after tax will increase by approximately \$300,000 for the year ended 30 June 2020 as a result of adopting the new rules.</p> <p>Operating cash flows will increase and financing cash flows decrease by approximately \$1.35 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.</p> <p>The group does not act in the capacity as a lessor and hence the group does not expect any lessor impact on the financial statements.</p>
Mandatory application date/ Date of adoption by group	<p>The group will apply the standard from its mandatory adoption date of 1 July 2019.</p> <p>The group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).</p>

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

(vi) Changes to presentation – classification of cash flows

Sensera Limited decided in the current financial year to change the classification of interest received and interest paid in the consolidated statement of cash flows from operating to investing and financing activities, respectively. The comparative information has been reclassified accordingly.

(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 acquisition method of accounting is used to account for 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.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(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 a significant portion 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.

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.

(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 2.

(f) Income tax

The income tax expense or credit 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 and its 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) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life and intangible assets not yet ready for use 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 of disposal 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 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.

(j) Trade receivables

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

(i) Classification

From 1 July 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Impairment

From 1 July 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(v) Income recognition 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.

(m) Property, plant and equipment

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 23(h)).

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

(n) 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 (note 1).

(ii) Software and capitalised development costs

Software and capitalised development costs are shown at historical cost and amortised from the point at which the asset is ready for use. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits, adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

(o) 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 after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) 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.

(q) 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.

(r) Employee benefits**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave 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.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee security ownership plan' (ESOP). Information relating to these schemes is set out in note 18.

Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(s) 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.

(t) 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.

(u) 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.

(v) 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 consolidated statement of financial position.

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.

24 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 – impact of adoption

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.

(b) AASB 9 Financial Instruments – accounting policies applied from 1 July 2018**Investments and other financial assets**

The accounting policies applied by the group from 1 July 2018 are set out in note 23(l).

Trade receivables

The accounting policies applied by the group from 1 July 2018 are set out in note 23(j).

Borrowings

The accounting policies applied by the group from 1 July 2018 are set out in note 5(d).

(c) AASB 15 Revenue from Contracts with Customers – impact of adoption

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.

(d) AASB 15 Revenue from Contracts with Customers – accounting policies applied from 1 July 2018 and prior year policy**Revenue recognition**

The accounting policies applied by the group from 1 July 2018 are set out in note 2(c).

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 26 to 68 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial 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 23(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.

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



Mr Allan Brackin
Independent Non-Executive Chairman

Sydney
30 September 2019

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 2019, 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 2019 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.

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.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue (Note 2)</p> <p>The Group has recognised Revenue of USD \$10,179,856 during the period and has adopted AASB 15 <i>Revenue from contracts with customers</i> for the first time. AASB 15 changes the revenue recognition requirements and requires companies to recognise revenue using a new five step model.</p> <p>This area is a key audit matter due to:</p> <ul style="list-style-type: none"> • The first time adoption of AASB 15; • The nature and assessment of performance obligations and the associated contract liability balance; and • The importance of the Revenue balance to users of the financial statements. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Understanding the processes used by the Group to record revenues, receivables and contract liabilities; • Assessing the revenue recognition policies for appropriateness and compliance with AASB 15 <i>Revenue from contracts with customers</i>; • Performing testing on a sample of transactions to determine whether revenue was recognised in line with the Group's revenue recognition policy and accounting standards; • Analytically reviewing revenue values and associated ratios, with any items outside of audit expectations investigated further; • Evaluating, on a sample basis, significant receivable and contract liability balances by obtaining the corresponding sales contracts and other supporting documentation and testing that appropriate amounts were recognised at the reporting date; and • Evaluating the adequacy of related disclosures in the financial report.
<p>Goodwill and Intangible Assets (Note 6d)</p> <p>As at 30 June 2019, the carrying value of goodwill was USD \$5,959,850, capitalised development costs was USD \$3,026,121 and software development costs was USD \$480,171.</p> <p>AASB 136 <i>Impairment of Assets</i> requires Management to perform an impairment test of indefinite lived intangible assets, intangible assets not yet ready for use, and goodwill at least annually.</p> <p>This is a key audit matter due to the level of judgements and estimates required by Management in calculating the recoverable amount on a value-in-use basis. 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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Considering the application of the requirements of AASB 136 <i>Impairment of Assets</i> to the Group's impairment testing methodology and model; • Assessing the Group's determination of Cash Generating Units (CGUs); • Assessing the mathematical accuracy and methodology appropriateness of the underlying model calculations; • 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 relevant inputs; • Consulting with our internal valuations expert to help evaluate the model, inputs and assumptions; • 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.

Key audit matter

Going concern (Notes 23 (a)(iii) and 16)

The financial statements are prepared on a going concern basis in accordance with AASB 101 *Presentation of Financial Statements*. The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by the Directors and Management in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. These are outlined in the going concern disclosures in Note 23 (a) (iii) to the financial statements.

The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements.

We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:

- The impact of forecast sales and production output to the projected cash inflows;
- The impact of forecast levels of operational and capital expenditures to the projected cash outflows;
- The impact and sufficiency of cash inflows from contracted debt and equity raisings arranged subsequent to the end of the financial year (refer Note 16); and
- The Group's ability to meet financing commitments and covenants.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Reviewing Management's cash-flow forecast and underlying data used to generate the forecast, to evaluate whether the operations of the business would provide sufficient cash for a period of at least twelve (12) months from the proposed date of signing, in order to satisfy the going concern assumption;
- Evaluating Management's ability to forecast by comparing prior period forecasts with actual results;
- Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions;
- Reviewing the binding term sheets to raise additional funds from debt and equity that were executed subsequent to the end of the financial year, and evaluating whether sufficient additional funds were available to conclude that the Group will be able to continue as a going concern for at least twelve (12) months from the proposed date of signing of the financial statements; and
- Considering the adequacy of the going concern disclosures in the financial statements by comparing them to our understanding of the matter and accounting standard requirements.

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 2019, 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/ar1.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 14 to 21 of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sensera Limited, for the year ended 30 June 2019 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 Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 30 September 2019

Shareholder Information

The shareholder information set out below was applicable as at 24 September 2019.

A. Distribution of equity securities

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

Holding	No. of holders	Shares
1 - 1000	36	2,625
1,001 - 5,000	63	213,117
5,001 - 10,000	103	879,935
10,001 - 100,000	364	17,110,685
100,001 and over	337	254,544,650
	903	272,751,012

There were 99 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	% of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,261,439	6.33
GUERRILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	11,798,714	4.33
TRITON SYSTEMS INC	11,731,227	4.30
CITICORP NOMINEES PTY LIMITED	11,366,895	4.17
NEWBURYPORT CAPITAL LTD	10,025,000	3.68
MAPLE MANAGEMENT LTD	9,740,000	3.57
DEAD KNICK CAPITAL PTY LTD	9,000,000	3.30
DR JENS ALBERS	5,538,328	2.03
MR PAUL HENRI VERON & MRS JULIE ANNE VERON <DEAD KNICK S/F A/C>	5,020,000	1.84
SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	3,411,416	1.25
SZABO TRADING PTY LTD	3,057,428	1.12
OLIVAB PTY LTD <ABOLIV DISCRETIONARY A/C>	2,735,295	1.00
MR AUSTIN SYDNEY EVAN MILLER	2,727,273	1.00
EMPLOYEE EQUITY ADMINISTRATION PTY LTD	2,686,054	0.99
JOHN W KING NOMINEES PTY LTD	2,670,940	0.98
SUPER RLS PTY LTD <RPLS SUPER FUND A/C>	2,558,057	0.94
THE STEPHENS GROUP PTY LTD	2,500,000	0.92
TDF PROPERTIES PTY LTD <THE TDF PROPERTY A/C>	2,250,000	0.83
MR PETER JOSEPH SUN	2,056,326	0.75
CRAMPTON AUTOMOTIVE (INVESTMENTS) PTY LTD <CRAMPTON INVESTMENT A/C>	1,818,182	0.67
	119,952,574	43.98

Unquoted equity securities

	Number on issue	Number of holders
Unquoted options	10,300,000	18

One holder, Mr Ralph Schmitt, holds 3,000,000 unquoted options which is more than 20% of these securities.

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,261,439	6.33%

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 a 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.

