



Aerometrex Limited

Annual Report 2020

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Cover Image:
3D Reality Mesh Model
within Twinmotion
of Historical Post Office
Bendigo, VIC
Australia

Near-infra-red Image
Central Coast, NSW
Australia

FY20 Highlights and Achievements

Operating Revenue

\$20.1m +24.7%
(2019: \$16.1m)

EBITDA (Normalised)

\$4.6m -8.75%
(2019: \$5.0m)

Cashflow from Operations

\$8.2m
(2019: \$5.1m)

Financial Position Available Cash

\$22.2m
(2019: \$5.1m)

4.1M

SQUARE KMS

MAPPED
WITH ORTHOPHOTOS
(AS AT 02 JUL 2020)

4.5M

SQUARE KMS

PHOTOGRAPHED
Est.

900+

YEARS

COMBINED INDUSTRY
EXPERIENCE

8.5M

DWELLINGS

CURRENT COVERAGE
ACROSS AUSTRALIA

5,800+

PROJECTS
(SINCE 01 JUNE 2000)

102

STAFF MEMBERS
(99 FTE)

410

YEARS STAFF
EXPERIENCE WITH
AEROMETREX

40

YEARS IN BUSINESS



Dec 2019
Listed on ASX



Feb 2020
Establishment of
US Office



May 2020
Acquisition of Spookfish
Australia Pty Ltd



Deployment of
MetroCam



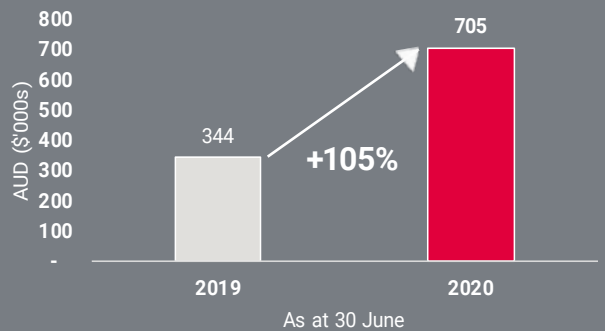
Continued expansion
of MetroMap capture
program



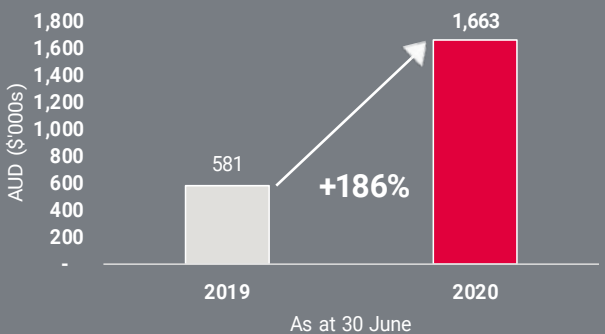
Delivery of world
leading 3D projects in
Australia & overseas

MetroMap (DaaS Subscriptions) Strategic Growth Focus

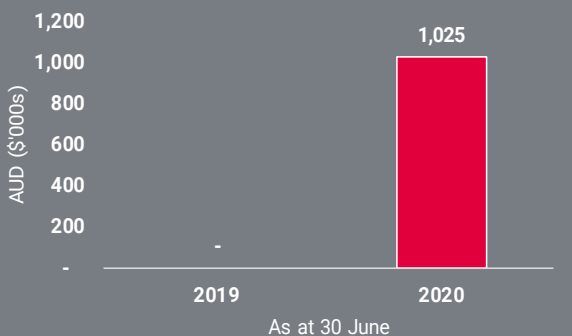
Subscription Revenue



Annual Recurring Revenue (ARR)



Contract Liabilities (Income in Advance)





About Aerometrex

Residential Suburb
East Sydney, NSW
Australia

About Aerometrex

Aerometrex is a professional aerial mapping business, specialising in aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services.

The Aerometrex business was established in 1980 and the company is headquartered in South Australia.

Our Purpose

To provide our customers throughout Australia and overseas with accurate, high-quality, best-value data products that satisfy all their aerial imagery and spatial data requirements.

Our Vision

To become the market leading company in our service sector in terms of quality of products, value offered to our customers, and market share. Be an internationally recognised mapping company, utilizing the best available technology to deliver world class products.

Our Mission

To provide professional, accurate digital image mapping and geospatial engineering solutions to our clients by exploiting both existing and emerging air and ground imaging technologies.

Revenue is generated from Projects and Subscription Services (DaaS) across



Aerial Photography and Mapping



LiDAR



3D Modelling



MetroMap

STRATEGY

Growing subscription-based revenue

Expanding geographically

Acquisition

New products

Increase sales and marketing

STRENGTHS

Imagery and LiDAR data quality

Accuracy

3D modelling capability

High standards of customer service

People

Data archive

CORE FUNDAMENTALS

Great data

Great reputation

Great customer service

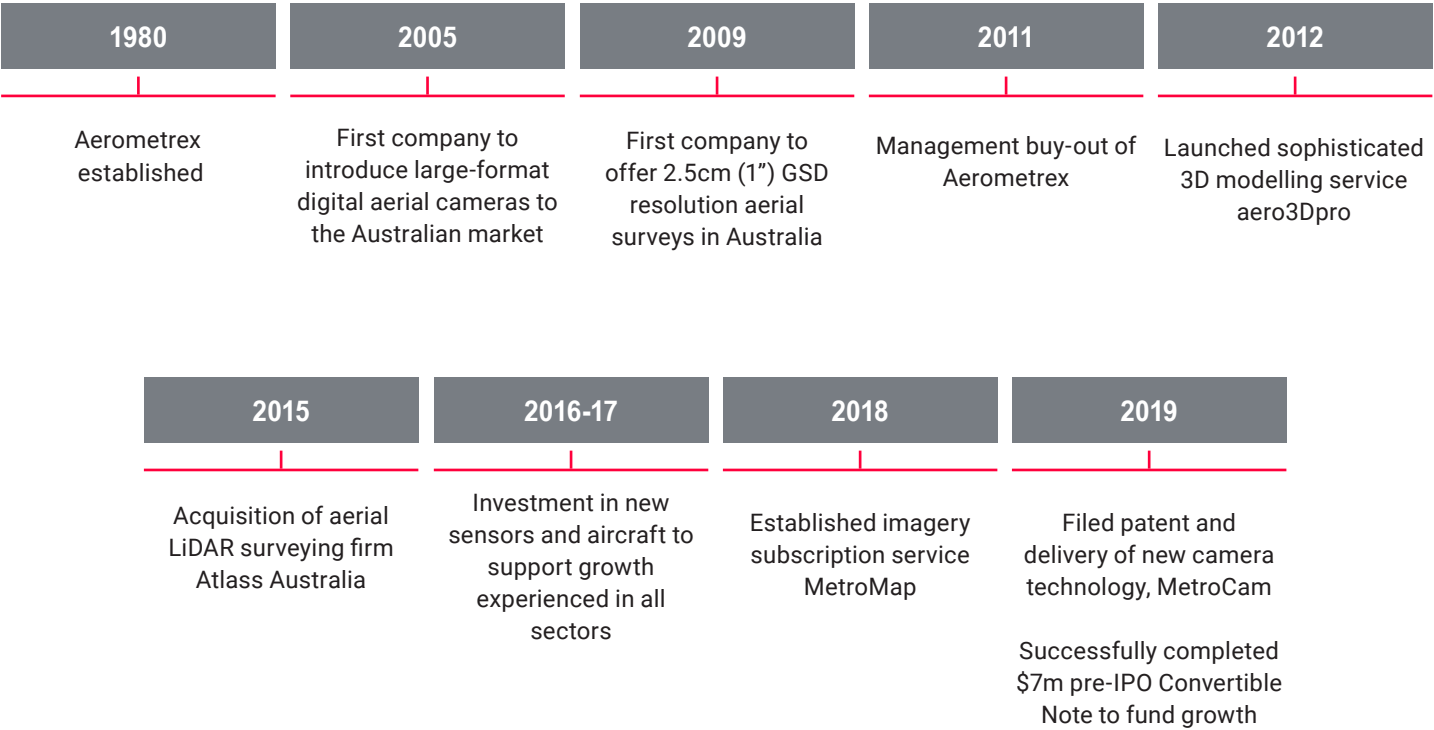
Innovation

Great technology

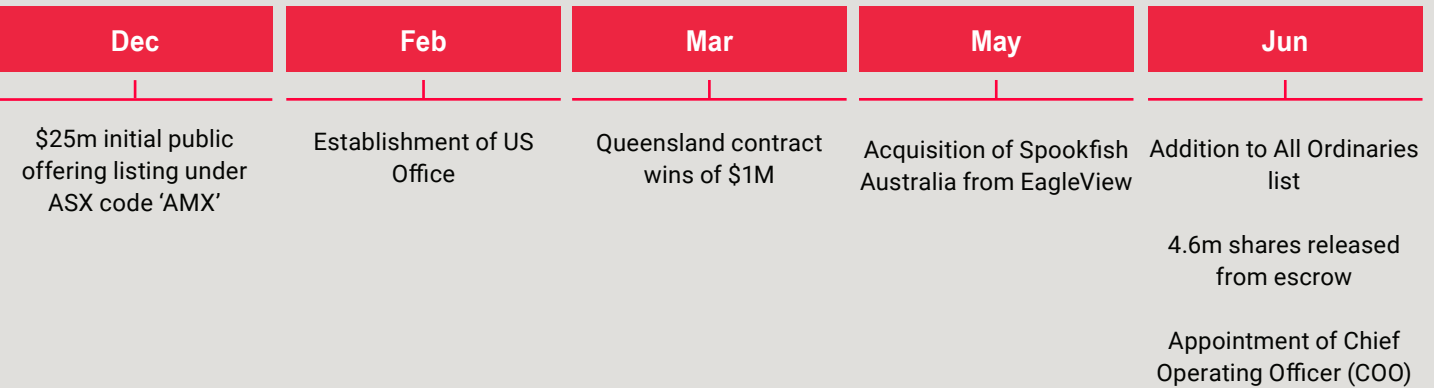
Great team

Built on the foundation of image quality and accuracy

Our History



FY20 Key Highlights



Aerial photography and mapping

Aerometrex's historic business has been in the area of aerial photography, photogrammetry and mapping services. Aerometrex has provided these services for many years. Aerometrex has a very large archive of digital aerial imagery dating back to 2002, and has access rights to many older data sets dating back to 1943. The key products from this activity are:

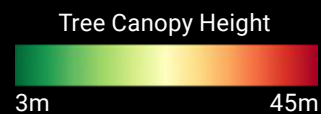
- aerial orthophotography (scale-corrected 2D aerial imagery maps);
- Digital Terrain Models (DTMs) and Digital Surface Models (DSMs); and
- digitised 3D feature data for Geographic Information Systems.

Aerometrex operates in a business environment in which accuracy and reliability of the products is paramount. Government clients and survey and mapping companies require professional-standard aerial surveying products.

In order to achieve high standards of data quality and accuracy Aerometrex uses the highest-quality professional-standard commercial aerial mapping cameras. It is essential to service both the qualitative and quantitative market for aerial imagery that the source aerial imagery is of the highest quality and accuracy. These cameras are very sophisticated compound-lens metric cameras with stable sensors, calibrated lenses, image motion correction, 4-band spectral capability and state-of-the-art positioning technology, including airborne GPS and inertial measurement systems.

Aerometrex has developed its own camera, MetroCam, which has a comparable level of sophistication and will enable Aerometrex to continue to provide a high-quality service using its own hardware. A provisional patent application has been filed for MetroCam.

M7 Toll Road
Brisbane, QLD
Australia



“Aerometrex is recognised internationally and throughout Australia as a producer of high quality imagery and LiDAR data, as measured by established Government quantitative standards for these products.”

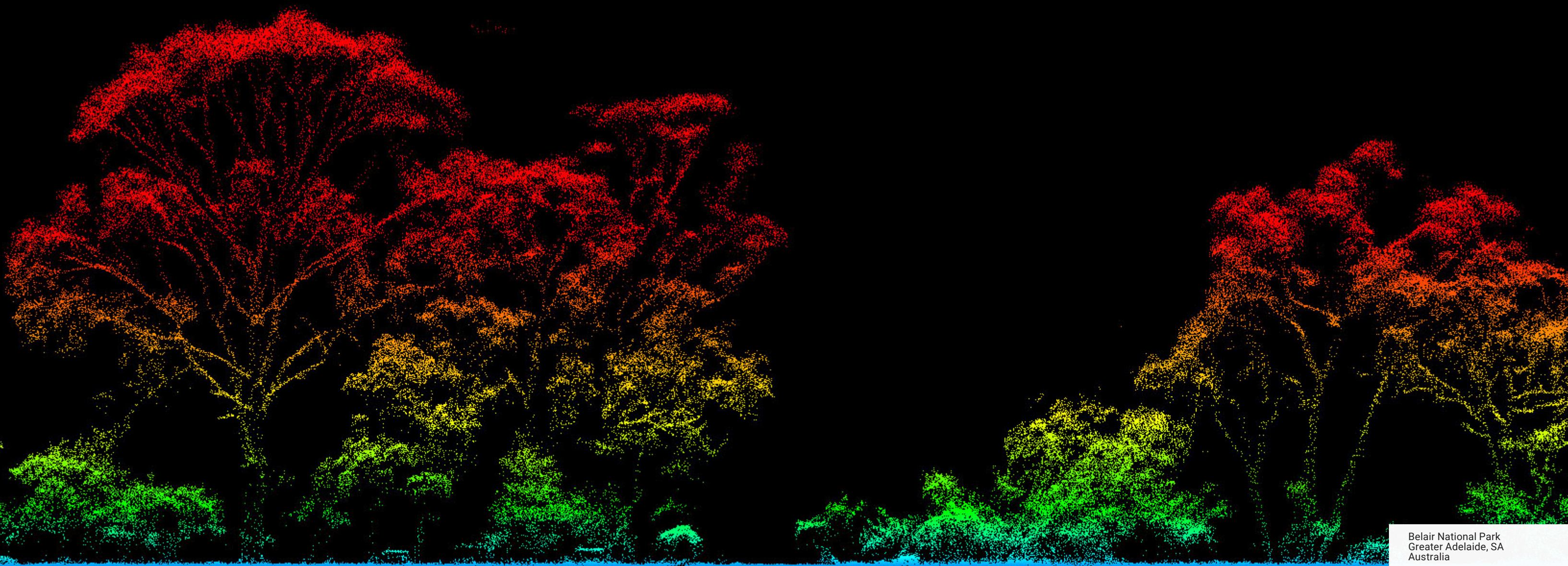
Aerial LiDAR surveys

Aerometrex provides an aerial LiDAR surveying service. LiDAR (Light Detection And Ranging) is an advanced aerial surveying technique which utilises active laser pulses generated by the sensor to measure the distance of the aircraft to the ground. The absolute position of the aircraft is determined by sophisticated airborne GPS and inertial measurement systems, so the subtraction of the distance to ground from the aircraft height gives the height of the terrain. The sensors can sample up to two million light pulses per second, and create a very detailed, high-sampled model of the terrain surface in XY and Z coordinates.

LiDAR can be used for a wide variety of applications including creating of Digital Terrain Models (DTMs) and Digital Surface Models (DSMs), measurement of mining stockpile volumes, sampling of tree heights, measurement of buildings in suburban areas, monitoring major construction and infrastructure projects involving mass movements of overburden, and other applications. The laser pulses are of sufficient number and strength to penetrate to the ground through moderate to dense canopy vegetation, allowing the terrain level or features to be mapped even under forests and woodland canopies. This is particularly helpful in such disciplines as archaeology and forestry.

Aerometrex has greatly diversified its LiDAR business since acquiring it in 2015, when it was almost exclusively working in the coal mining industry. It is currently servicing many industries including agriculture, environment, forestry, infrastructure/engineering/transport, mining, surveying and mapping, urban planning, renewable energy, and water resources.

To date, revenue from LiDAR operations has been largely project driven however there is the potential to present derived LiDAR data products in the MetroMap subscription model.



Belair National Park
Greater Adelaide, SA
Australia

3D modelling

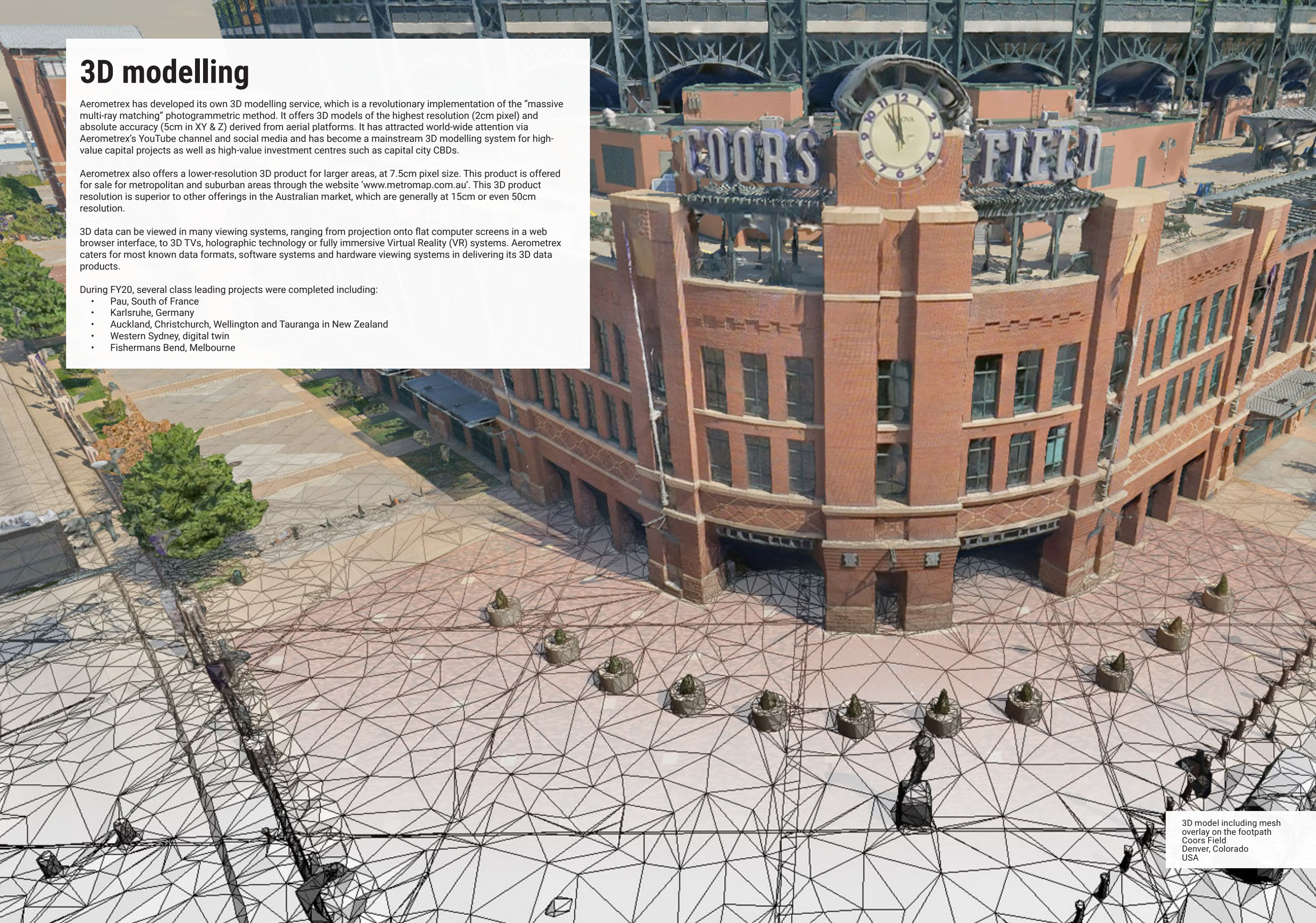
Aerometrex has developed its own 3D modelling service, which is a revolutionary implementation of the “massive multi-ray matching” photogrammetric method. It offers 3D models of the highest resolution (2cm pixel) and absolute accuracy (5cm in XY & Z) derived from aerial platforms. It has attracted world-wide attention via Aerometrex’s YouTube channel and social media and has become a mainstream 3D modelling system for high-value capital projects as well as high-value investment centres such as capital city CBDs.

Aerometrex also offers a lower-resolution 3D product for larger areas, at 7.5cm pixel size. This product is offered for sale for metropolitan and suburban areas through the website 'www.metromap.com.au'. This 3D product resolution is superior to other offerings in the Australian market, which are generally at 15cm or even 50cm resolution.

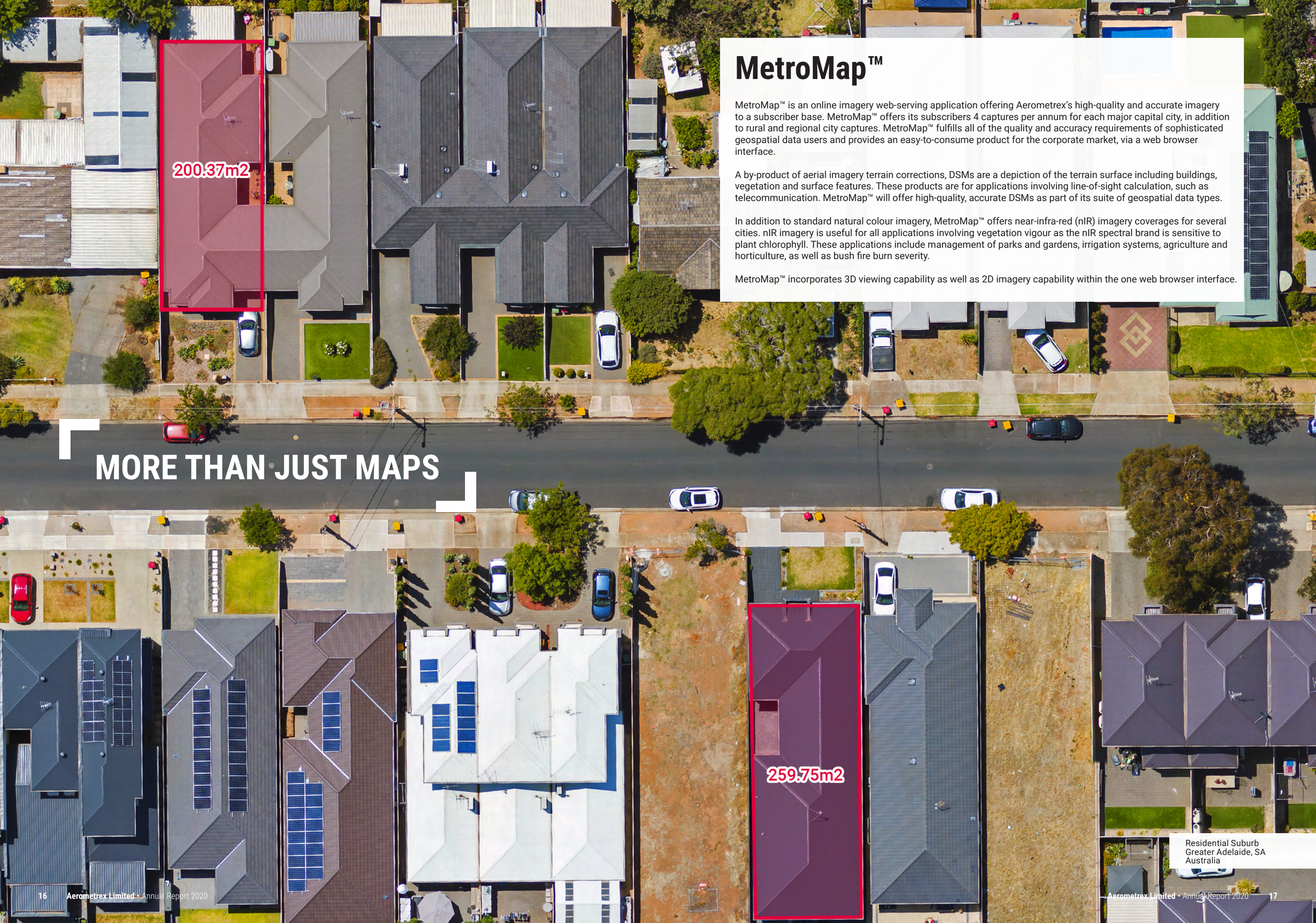
3D data can be viewed in many viewing systems, ranging from projection onto flat computer screens in a web browser interface, to 3D TVs, holographic technology or fully immersive Virtual Reality (VR) systems. Aerometrex caters for most known data formats, software systems and hardware viewing systems in delivering its 3D data products.

During FY20, several class leading projects were completed including:

- Pau, South of France
- Karlsruhe, Germany
- Auckland, Christchurch, Wellington and Tauranga in New Zealand
- Western Sydney, digital twin
- Fishermans Bend, Melbourne



3D model including mesh overlay on the footpath
Coors Field
Denver, Colorado
USA



MetroMap™

MetroMap™ is an online imagery web-serving application offering Aerometrex's high-quality and accurate imagery to a subscriber base. MetroMap™ offers its subscribers 4 captures per annum for each major capital city, in addition to rural and regional city captures. MetroMap™ fulfills all of the quality and accuracy requirements of sophisticated geospatial data users and provides an easy-to-consume product for the corporate market, via a web browser interface.

A by-product of aerial imagery terrain corrections, DSMs are a depiction of the terrain surface including buildings, vegetation and surface features. These products are for applications involving line-of-sight calculation, such as telecommunication. MetroMap™ will offer high-quality, accurate DSMs as part of its suite of geospatial data types.

In addition to standard natural colour imagery, MetroMap™ offers near-infra-red (nIR) imagery coverages for several cities. nIR imagery is useful for all applications involving vegetation vigour as the nIR spectral band is sensitive to plant chlorophyll. These applications include management of parks and gardens, irrigation systems, agriculture and horticulture, as well as bush fire burn severity.

MetroMap™ incorporates 3D viewing capability as well as 2D imagery capability within the one web browser interface.

MORE THAN JUST MAPS

Residential Suburb
Greater Adelaide, SA
Australia

Letter from the Chair



Dear Fellow Shareholders,

After a successful 2020 financial year, delivering on both financial and operational expectations, Aerometrex is in a great position to grow our business in the coming years.

2020 has been a landmark year for Aerometrex. During the year the Company transitioned from a private company to an ASX Listed Public Company via a successful IPO in December.

We welcomed a number of new shareholders through the IPO process who contributed a total of \$25 million to the business. The funds raised have allowed Aerometrex to accelerate its growth ambitions significantly and we look forward to continuing to invest in organic growth via increased marketing efforts, people and developing and improving our core products. In addition, our strong capital position will allow us to further our strategic objectives of breaking into new markets, capturing improved margins via vertical integration and making sensible acquisitions when circumstances present.

We have been calculated in our approach to deploying shareholders' funds, and we believe that the results will start to be seen in the forthcoming financial year.

I am pleased to say that Aerometrex remains at the forefront of new technologies in the aerial spatial industry and we look forward to bringing this technology to the market.

For the period of review, Aerometrex recorded solid growth in revenue of 24% from the previous year to \$20.1 million and positive cashflow from operations of \$8.2 million. I commend the Company's management and staff on a great result and delivering on both financial and strategic expectations. Looking forward, we are observing challenges in the global economy but pleasingly your Company is in a strong position to continue to grow and take advantage of a number opportunities.

I have been proud to serve as Chairman of Aerometrex in its first year as an ASX listed company. On behalf of the Board, I wish to thank Mark and our great team for their outstanding contribution throughout the year.

To my fellow shareholders, thank you for your continued support and we look forward to an exciting year ahead.

A blue ink signature of Mark Lindh, written in a cursive style.

Mark Lindh
Chair of the Board
Aerometrex Limited

Cape Byron
Byron Bay, NSW
Australia

Managing Director's Report



“During the last 12 months we have continued to see strong growth in our business.”

Agriculture Fields
Chinderah, NSW
Australia

Dear shareholder,

I am very pleased to present the Managing Director's Report for Aerometrex Limited's first Annual Report as a public company following our successful IPO in December 2019.

During the financial year we have achieved several key milestones including:

- The successful IPO and listing on the ASX in December
- The establishment of the US office in Denver, Colorado to launch our world leading 3D product into the US market
- Completion of significant 3D projects in Pau in the South of France, Fishermans Bend in Melbourne and Western Sydney digital twin model which showcase the capability and quality of the Aerometrex 3D product
- A number of large project wins which were won through a competitive tender process
- Deployment of MetroCam, the Aerometrex designed aerial camera system (provisional patent application has been filed)
- Growth in MetroMap, our subscription service, both in terms of customers but also image data coverage
- Expansion of the MetroMap product offering to include LiDAR derived data products
- Acquisition of Spookfish Australia Pty Ltd from EagleView Inc in May

During FY20, total operating revenue increased by 24.7% to \$20.09m continuing the trend of year on year revenue growth. We generated positive cashflow from our operations of \$8.2m which we invested under the guidance of the Board into future growth initiatives of sensors including MetroCam, increasing our data capture program, increase marketing, people and investing in IT systems to drive future scalability of the business. We strengthened our balance sheet through the IPO process with available cash at the end of the financial year of \$22.2m and minimal debt.

Acquisition of Spookfish

The acquisition of Spookfish Australia Pty Ltd in May 2020 from EagleView Inc provided immediate scale to MetroMap, our data subscription offering (DaaS). This strategic purchase included the acquisition of the Spookfish customer list, introducing approximately 250 new customers to the MetroMap family as well acquiring rights to licence the Spookfish image archive. The increase in the MetroMap customer base also provides the opportunity to cross sell our other services to these customers in the form of LiDAR, 3D and other project aerial services providing potential revenue growth opportunities. During this process a strong co-operative relationship was also formed with Spookfish's parent company Eagleview Inc. in the USA, and discussions on future cross-utilisation of skills and data have been continuing.

MetroMap

MetroMap enjoyed significant revenue growth of 42% in FY20. Client demand for the MetroMap service is gaining pace, and our Annual Recurring Revenues are building rapidly. Our MetroMap imagery capture program has been greatly accelerated during FY20 and we are now on track with our 4 captures per year program over most Australian capital cities.

It has also been very gratifying to see the MetroMap aerial imagery capture program extend so quickly to rural and regional Australia, either by 100% owned surveys or by sharing Intellectual Property Rights on aerial imagery with our extensive project client base to allow these surveys to also be published on MetroMap. We are looking forward to building the MetroMap data coverages, client base and revenues substantially in FY21.

MetroCam

Our Aerometrex-designed aerial camera system MetroCam has also been put into service this year, and we have captured large programmes over Sydney, Brisbane, Melbourne and Adelaide with MetroCam. A provisional patent application has been filed for MetroCam to protect our Intellectual Property in the design. The second MetroCam is under construction at a specialist manufacturer in the USA and is expected to arrive during H1 of FY21.

LiDAR

LiDAR revenues have continued to grow quickly in response to injections of further investments in resources, aircraft and sensors. LiDAR has experienced very strong growth in FY20 of 37.9% on the previous corresponding period. The scope of our LiDAR activities has now expanded to be national, with aircraft operating in every State and mainland Territory of Australia. Aerometrex now regularly services 10 different industries with aerial LiDAR, which diversifies commercial risk and expands our range of applications.

3D modelling and mapping

Among many smaller projects, Aerometrex has conducted three stand-out high-value 3D projects during FY20, the 3D modelling of the City of Pau in France, 3D modelling of Fishermans Bend in Melbourne, and the 3D modelling of Western Sydney for NSW Dept of Spatial Services. These 3D modelling projects formed the basis of 'Digital Twin' or 'Smart Cities' programs for each location. These projects have set international benchmarks for the quality of 3D modelling and mapping data and have been widely recognized as state-of-the-art data products.

Aerial photography and mapping

Aerometrex has continued to provide project aerial photography, photogrammetry and mapping services to its extensive client base. Demand for this service has been particularly strong in the Resources sector but also in Urban Planning, Infrastructure, Engineering, Transport and Surveying. As expected there has been a small decline in revenues for this business line owing to the transition of city-based customers from project work to the MetroMap subscription model. However in areas where bespoke products are required, or in locations in which there is little scope for additional data sales, project-based aerial photography continues to provide our customers with the high-quality information they need in a timely, reliable way.

Sales interaction between these 4 operating divisions is common and our total aerial survey service offering is unparalleled in Australia.

Our people

Our company is built on a foundation of image quality and accuracy which is achieved through the passion, pride and commitment of our team to deliver these results. Staff headcount increased from 76 in June 2019 to 102 in June 2020 reflecting the investment into people across the functional areas of sales and marketing, production and support, investing now for future scalability of the business.

FY20 provided some unusual challenges due to Covid-19 however I am extremely proud of the way that our team worked flexibly to continue to deliver and meet client needs.

“We are looking forward to building the MetroMap data coverages, client base and revenues substantially in FY21.”

COVID-19

The impact of COVID-19 on the broader economy saw the introduction of a range of government incentives in an attempt to minimize the financial impact of the lockdowns. I am pleased to report that Aerometrex:

- did not qualify for JobKeeper entitlements as our revenue did not decline when compared to the prior year and therefore we did not meet the eligibility criteria
- did not defer any expenses
- did receive the temporary Cash Flow Boost which applied to all businesses that employed staff

Looking forward to FY21

As we look forward to FY21, as a company we have clarity of purpose with regard to our strategic objectives but we must be mindful of the continuing effects of Covid-19 and what impacts or opportunities that this may bring.

Finally, I would like to thank everyone who has contributed to the success of Aerometrex in FY20 including our Board, our staff, our investors, our advisers, our suppliers and our customers. For all of these stakeholders I thank you for your continued loyalty and support. I look forward to providing further updates on our progress and achievements throughout the year.

Mark Deuter
Managing Director

Board of Directors



Mark Lindh
Independent Non-Executive Director, Chair

Appointed: May 2019 (Chair: Oct 2019)

Special responsibilities:

- Chair of the Board
- Chair of the Remuneration & Nomination Committee
- Member of the Audit & Risk Committee

Experience:

Mark is a founder and co-principal of Adelaide Equity Partners, an investment house established in 2006. Prior to that, he was executive director of Rundle Capital Partners which was a division of Washington H Soul Pattinson. Mark is a corporate advisor with significant experience in advising predominantly listed companies encompassing a range of industries including technology, energy, resources, infrastructure and utilities.

He has acted as the principal corporate and financial advisor to a number of Australian corporate success stories and has extensive experience in Australian equity and debt markets and advising clients on capital raisings, mergers and acquisitions and investor relations.

Other ASX Directorships in the last 3 years:

Bass Oil Ltd (BAS.ASX) appointed Dec 2014 (current)
Advanced Braking Technology Ltd (ABV.ASX) appointed June 2017 (current).



Mark Deuter
Managing Director
B.Sc (Maths)

Appointed: Oct 2011

Special responsibilities:

Nil

Experience:

Mark joined Aerometrex in 2005 under the previous ownership as Aerometrex's General Manager, overseeing the expansion of Aerometrex as it introduced digital aerial camera technology. He established Aerometrex's aerial operations and managed the human resources, sales and marketing functions. He also set strategic directions for Aerometrex's growth in Australia. On the change of ownership via a management buy-out in 2011, Mark was appointed Managing Director and Chairman of the Board (2011 to Feb 2019). Under his direction, Aerometrex has experienced a period of sustained growth and corporate innovation.

Prior to joining Aerometrex, Mark's career spanned 28 years working across airborne geophysics data processing, cartography, aerial surveying, photogrammetry, aerial photography and topographic mapping for various private and government institutions.

Other ASX Directorships in the last 3 years:

Nil



Matthew White
Non-Executive Director
B.Acc, CA

Appointed: Sep 2011

Special responsibilities:

- Member of the Remuneration & Nomination Committee
- Member of the Audit & Risk Committee

Experience:

Matthew was appointed as Financial Controller of Aerometrex in 2008 and then Finance Director of the company in 2011 after guiding the company through the management buyout process that occurred in that year. He has been instrumental in all financial strategies and decisions of the company during the current successful growth period.

Matthew has over 27 years experience as an accountant, business and tax advisor. He has over 12 years experience as a registered mortgage broker and over 3 years experience as a financial planner.

Matthew is the founder and sole director of Business Initiatives Pty Ltd, an Adelaide based Chartered Accountancy firm. The firm offers a holistic approach to clients' financial needs, offering a wide range of services with a strong focus on continuous business improvement and wealth creation. Matthew works in a client advisory role for small to medium sized businesses.

Other ASX Directorships in the last 3 years:

Nil



Dr Peter Foster
Independent Non-Executive Director
PhD Physics

Appointed: Oct 2019

Special responsibilities:

- Chair of the Audit & Risk Committee
- Member of the Remuneration & Nomination Committee

Experience:

Peter has extensive business experience across a variety of industries. He is a creative entrepreneur with wide-ranging experience in developing innovative technologies for global markets, having founded and grown numerous technology and commercial ventures.

Peter has extensive experience with the invention and intellectual property protection process and holds over 40 international patents in optics and precision electronics.

He has also held senior scientific positions with a local medical laser manufacturer and with the Department of Metallic Materials, University of Bayreuth, Germany, and has delivered intensive courses on startups and technology commercialisation for the University of Adelaide.

Peter holds several private company directorships across a diverse range of industries including VivoSense, a San Diego based pharmaceutical services company and leads its commercial advisory board whose members are located across the US.

Other ASX Directorships in the last 3 years:

Nil



David Byrne
Executive Director, Chief Operating Officer
B.Surveying (Hons.)

Appointed: Oct 2011

Special responsibilities:

Nil

Experience:

David joined Aerometrex in 2000 as Aerometrex's Chief Photogrammetrist. He has been largely responsible for Aerometrex's successful technical programme, he has managed and overseen its IT infrastructure, research and development and led the production team establishing high technical standards which underpin the quality and accuracy that Aerometrex is renowned for.

David was appointed as COO in June 2020.

David has published several technical papers and has represented Aerometrex at major Australian Spatial Science conferences on many occasions. He is a member of the Surveying and Spatial Sciences Institute and served on the National Remote Sensing and Photogrammetry Committee for three years. He was awarded Spatial Professional of the Year at the SA Spatial Excellence Awards in 2013.

Other ASX Directorships in the last 3 years:

Nil

Executive Team



Chris Mahar
Chief Financial Officer
B. Acc., CA

Appointed: Oct 2019

Experience:
Chris has 30 years of experience across commerce and business advisory services. Prior to joining Aerometrex, Chris was a Commercial Finance Manager for Navitas Ltd (ASX: NVT), a global education company which until July 2019 was listed on the ASX prior to being purchased by a private equity firm.

Priorities:
Chris is responsible for the Group's finance, tax, investor relations and property functions. His priorities are ensuring the provision of accurate, independent and objective analysis in a data led environment to drive sound decision making.



Todd Dunow
National Sales Manager
AssocDip. Cart.

Appointed: Aug 2001

Experience:
Todd has 25 years experience across many aspects of the aerial survey industry. Todd has led the sales and business development team for the last 9 years.

Priorities:
Todd is focused on empowering the sales team with the knowledge, confidence and flexibility they need to face the evolving market place they operate in.



Beata Serafin
Chief People Officer

Appointed: May 2003

Experience:
Beata has 14 years experience across various disciplines of aerial imagery and has spent the last three years leading the company's HR function.

Priorities:
Beata is responsible for leading the human resources and work health safety functions for the Group. This includes the ongoing development of the team for the future and supporting a diverse and inclusive workforce across the many functions.



Tol Mofflin
Head of Aviation / Chief Pilot
B. Sc (Aviation)

Appointed: Feb 2020

Experience:
Tol has over 20 years and more than 6,500 hours of international aviation experience including 18 years within management roles.

Priorities:
Tol is responsible for ensuring that all aspects of the aviation operations are managed effectively and efficiently.



Ralph Lante
GM - LiDAR

Appointed: Nov 2015

Experience:
Ralph has had a 40-year career in the geospatial sciences. He has worked for the South Australian and Northern Territory Governments in key aerial imagery roles and was centrally involved in a major GIS program in the Philippines. He also previously worked for SAAB Systems as well as Aerometrex during the period 2001-2007. Ralph re-joined Aerometrex in 2016 as General Manager, LiDAR operations.

Priorities:
Ralph has overseen the rapid growth of our LiDAR business during the last 4 years and is looking forward to further growth and technical development opportunities in his area of responsibility.



Rick Cassidy
President - US Operations

Appointed: Feb 2020

Experience:
Rick has over 30 years experience across IT and engineering roles. For the last 10 years Rick has been working in the geospatial industry as VP, SVP and President responsible for leading the global and regional sales, operations and delivery teams.

Priorities:
Rick is responsible for all facets of establishing and growing the US Operations which are focused on the world leading 3D modelling product of the Group. The US Operations are based in Denver, Colorado.



Canal Houses
Mandurah, WA
Australia



Director's Report

River Torrens and
Adelaide Oval
Adelaide, SA
Australia

Director's Report

The directors present their report, together with the consolidated financial statements of Aerometrex Limited (referred to hereafter as 'Aerometrex' or 'Company'), formerly Aerometrex Pty Ltd, comprising of the company and its controlled entities, for the year ended 30 June 2020.

Directors

The Directors of Aerometrex Limited during the year ended 30 June 2020 and up to the date of this report are set out below:

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

Company secretary

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

Company overview – principal activities

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

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

Changes in state of affairs

The last 12 months which ended 30 June 2020 saw a significant number of changes to the company:

- Converted from a Proprietary Limited company to a public company limited by shares, on 29 August 2019 in anticipation of listing on the Australian Securities Exchange (ASX);
- Raised \$25 million (25,000,000 shares at \$1.00 each) via a fully underwritten initial public offering under a Prospectus lodged with ASIC on 1 November 2019. The primary objectives were to:
 - List on the Australian Securities Exchange;
 - Provide Aerometrex with financial flexibility to pursue growth initiatives domestically and abroad;
 - Provide Aerometrex with the benefits of increased public awareness that arises as an ASX listed entity; and
 - Broaden Aerometrex's shareholder base and provide a liquid market for its securities.
- Successfully listed on the ASX on 10 December 2019.
- Issued 1,000,000 options to Non-Executive Directors as part of the successful IPO process which vested on listing, are exercisable at \$1.25 with an expiry date of two years from the ASX quotation date.
- Issued 944,000 options to the Lead Manager and Underwriter, Morgans as part of the IPO process exercisable at \$1.25 vesting two years from issue and expiring four years from issue of the options.
- Converted 7,000,000 series 'A' convertible notes with a face value of \$7m (notes issued at \$1 per convertible note) into 9,200,000 million ordinary shares as part of the ASX listing process.

- Issued 2,555,000 options to management and employees under an Employee Share Option Plan (ESOP) to ensure long term alignment between the staff and shareholders.
- Acquired 100% of the ordinary shares of Spookfish Australia Pty Ltd from EagleView Technologies Inc in May 2020. This acquisition included the acquisition of the Spookfish existing customer client list and a licence to their aerial imagery archive.
- Opened the US office in Denver, Colorado USA with the sole purpose of taking the world leading 3D capabilities of Aerometrex to the US market.

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

Review of Operations

FY20 was a pivotal year for the company listing on the Australian Securities Exchange on 10 December 2019 (ASX: AMX) and follows a successful capital raising of \$25 million through an IPO.

Summary of results for FY20 compared to prior year:

	2020 Statutory Accounts \$'000	Items not in the ordinary course of operations \$'000	2020 Normalised result \$'000	2019 \$'000	Change \$'000	Change %
Proforma Profit Statement (Unaudited)						
Revenue	20,265	-	20,265	16,291	3,974	24.4%
Aircraft and project costs - capture and processing costs	(6,377)	-	(6,377)	(4,512)	(1,865)	41.3%
Operating costs	(9,987)	697	(9,290)	(6,744)	(2,546)	37.8%
EBITDA	3,901	697	4,598	5,035	(437)	(8.7%)
Amortisation	(1,677)	-	(1,677)	(479)	(1,198)	250.1%
Depreciation	(2,111)	-	(2,111)	(1,502)	(609)	40.5%
Finance costs	(370)	177	(193)	(191)	(2)	1.0%
Finance income	177	-	177	3	174	5800.0%
(Loss) / Profit before income tax	(80)	874	794	2,866	(2,072)	(72.3%)
Income tax expense	(186)	-	(186)	(296)	110	(37.2%)
(Loss) / Profit after income tax	(266)	874	608	2,570	(1,962)	(76.3%)

EBITDA (Earnings before interest, tax, depreciation and amortization) is a non-IFRS standard term but is used by the Group to measure performance.

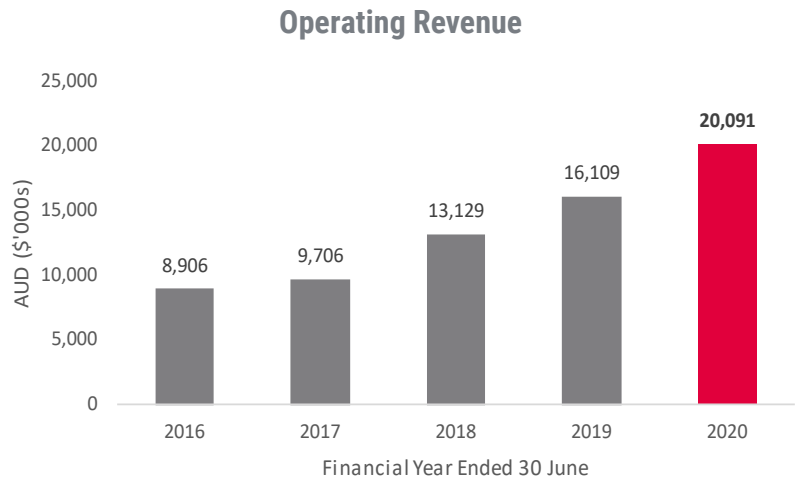
In arriving to a 'normalised result' in the table above, there were a number of items incurred during the year which are not incurred in the ordinary course of business and relate to:

	2020 \$'000
Items not in the ordinary course of operations	
Operating costs - one-off	
IPO and Capital Raising Costs expensed	499
Refinance costs	198
Total operating costs not in the ordinary course of operations	697
Finance costs	
Finance costs on convertible notes	177
Total finance costs not in the ordinary course of operations	177
Total items not in the ordinary course of operations	874

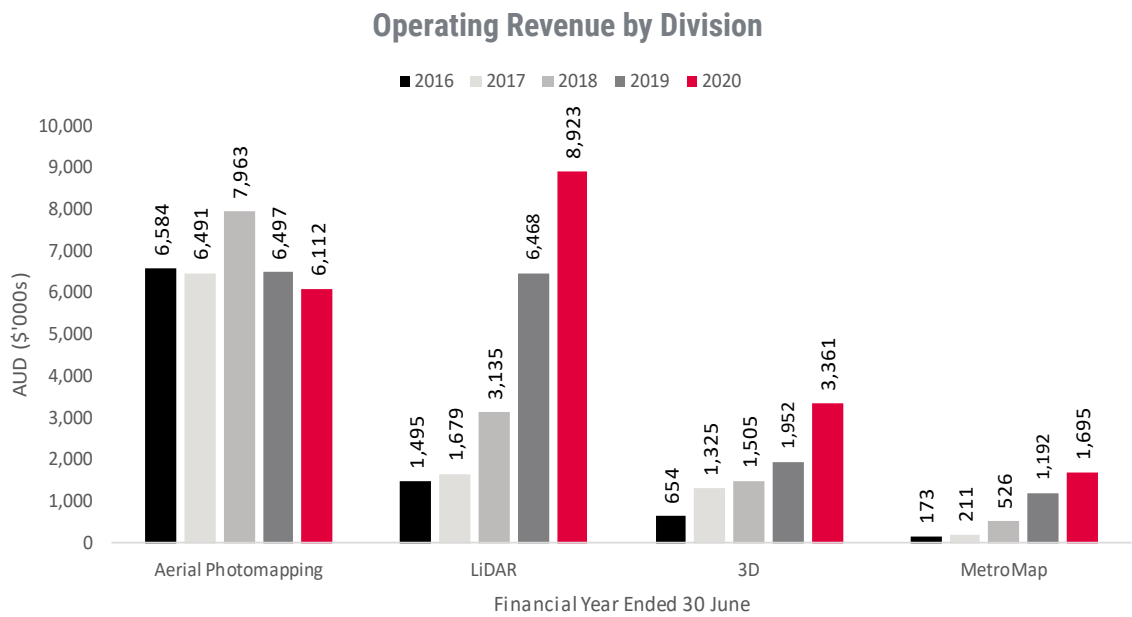
Director's Report continued...

Revenue

Total revenue from ordinary activities continued to grow in line with prior years, increasing by 24.7% from \$16.1m in 2019 to \$20.1m in 2020.



Revenue growth across the business operating divisions was:



Strong revenue growth was achieved in:

- MetroMap**, the company's Data as a Service (DaaS) model continued to experience growth, increasing total revenue by 42% on 2019. The company's focus is to drive further growth in the MetroMap subscription platform following the injection of capital from the IPO listing in December 2019.
- LiDAR** continued its strong pattern of revenue growth increasing by 38% on the 2019 year. The growth in revenue was driven by increased investment into additional aircraft, sensors and upgrading one of the existing sensors to increase the sampling rate from firing at a rate of 1 million light pulses per second to 2 million light pulses per second.
- 3D** experienced growth of 72% on 2019 driven by winning and completing a number of significant projects throughout the year. There were two standout high value projects during the year being the City of Pau in France, Fishermans Bend in Melbourne and Western Sydney. These 3D modelling projects formed the basis of 'Digital Twin' or 'Smart Cities' programs. These projects have set international benchmarks for the quality of 3D modelling and have been widely recognized as state-of-the-art data products.
- Aerial photomapping** declined by 6% on the prior year however this was in line with expectations as clients moved towards the subscription model of MetroMap or LiDAR to best suit their needs. Aerial photomapping is therefore skewed towards project based work where there may be limited scope for additional data sales or the client wants proprietary ownership of the dataset. The project based aerial photomapping continues to provide our customers with the high-quality information they need in a timely, reliable way.

Operating costs

Operating costs (normalised) increased from \$6.7m in 2019 to \$9.29m or 37.8% driven by investment into scaling of the business for both growth and to reflect the change of status from a private to public company. The majority of the increase relates to investment into people within sales and marketing, production or air operations which is expected to drive growth into the future. Employment headcount increased from 76 in June 2019 to 102 in June 2020.

EBITDA

The normalised EBITDA for FY20 was \$4.6m compared to \$5.0m in FY19. Again, this reflects the investment into people to scale the business for future growth.

Depreciation

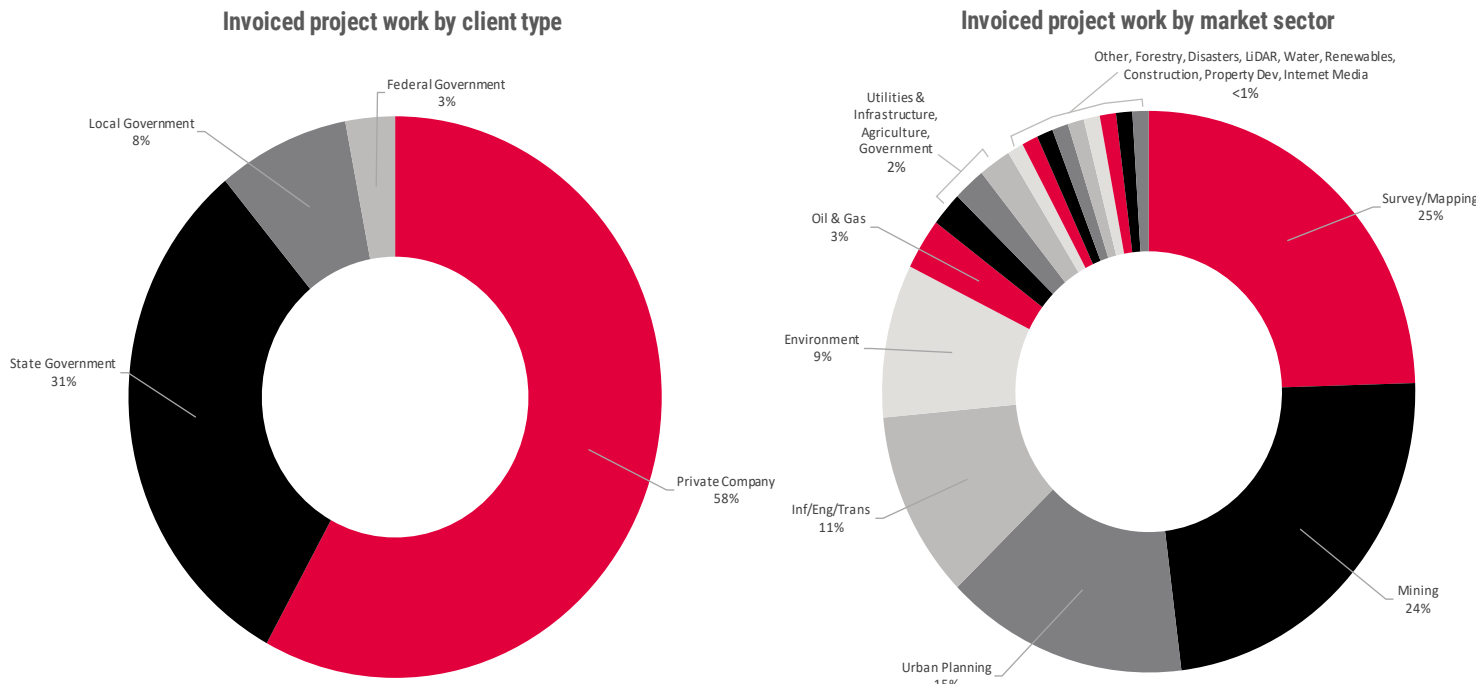
Depreciation increased from \$1.5m to \$2.1m and reflects the investment into aircraft and sensors for LiDAR with evidence of the return on investment seen through the growth in revenue. FY20 also saw the delivery of the first MetroCam which is the Aerometrex designed aerial camera system. A provisional patent application has been filed for MetroCam. Additional investment was also made in scaling of IT infrastructure.

Amortisation

Amortisation increased from \$0.48m to \$1.7m reflecting the increased capture program for MetroMap and the acquisition of an irrevocable perpetual licence to Spookfish datasets which was part of the acquisition of Spookfish Australia Pty Ltd in May 2020. In total, \$4.8m was invested into datasets for MetroMap during the FY20 year which is all part of the strategic intent to grow the MetroMap subscription business. Datasets are amortised on a straight line basis over an effective life of two years.

Diversity of clients

Aerometrex works across a diverse range of industries and clients insulating Aerometrex from downturns in any one industry which is particularly important in the current environment. The diversity of industry and client mix for FY20 was:



Dividends

No dividends have been paid or proposed in respect of the current year (2019: \$680,000).

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

Director’s Report continued...

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst the Group did not experience any significant impact up to 30 June 2020, the ongoing economic uncertainties makes it difficult to estimate the potential impact, positive or negative, after the reporting date. Various Australian state governments have imposed state border restrictions which may include the need to quarantine for a stipulated period where employees are returning from an area / state deemed to be a COVID-19 hotspot. The Company continues to work with various state authorities in relation to movement of staff around the country to maintain capture programs with staff health and safety being a key priority.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- The operations of the Group;
- The results of those operations; or
- The state of affairs of the Group in future financial years.

Future developments

The Group will continue to implement its business strategies to meet the Group’s long term growth and development objectives including the scaling of the business to:

- grow its subscription customer base of MetroMap through increased sales and marketing initiatives, capture programs, product offering,
- seek new opportunities to grow its world leading 3D products across the globe and in particular the US, and
- continue to build scale in its LiDAR operations. Further information about future developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group under section 299 of the Corporations Act.

Further information about future developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group under section 299 of the Corporations Act.

Environmental obligations

The current activities of Aerometrex are not subject to significant environmental regulation under Australian Commonwealth or State law. The Board believes that the Group has adequate systems in place to manage its environmental obligations and is not aware of any breach during the period. Any significant environmental incidents are reported to the Board.

Indemnities and insurance

During the year, the Group paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor’s behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor’s independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor’s own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Company secretary

Ms Kaitlin Smith B.Com (Acc), CA was appointed to the position of Company Secretary on 25 November 2019. Ms Smith provides company secretarial and accounting services to various public and proprietary companies. She holds a Bachelor of Commerce (Accounting) and is a Chartered Accountant.

The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the effective functioning of the Board. All directors have direct access to the Company Secretary.

Directors’ meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, were as follows:

	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	Number of meetings		Number of meetings		Number of meetings	
Name	Held while Director	Attended	Held while committee member	Attended	Held while committee member	Attended
Mark Lindh	15	14	4	4	9	9
Matthew White	15	15	4	4	9	9
Dr. Peter Foster	15	11	3	3	9	9
Mark Deuter	15	15	-	-	-	-
David Byrne	15	15	-	-	-	-
Beata Serafin ¹	3	3	-	-	-	-
Scott Tomlinson ¹	3	3	-	-	-	-
Glen Davis ²	2	1	-	-	-	-

¹ Resigned from Board 20 September 2019

² Appointed 31 May 2019, resigned 23 August 2019

All Directors were eligible to attend all meetings held, unless specified.

Committee Membership

Throughout the year and as at the date of this report, the Company had an Audit and Risk Committee and a Remuneration and Nomination Committee. Members acting on the committees of the board during the year were:

Audit and Risk	Remuneration and Nomination
Dr. Peter Foster (Chair)	Mark Lindh (Chair)
Mark Lindh	Matthew White
Matthew White	Dr. Peter Foster

Remuneration report

The remuneration report on pages 36-42 forms part of the Director’s Report.

Share options

As at 30 June 2020 there were 4,499,000 unissued ordinary shares under option. Refer to note 20 of the consolidated financial statements for further details of the Group’s share based payment plans. No shares were issued during or since the end of the financial year as a result of exercise of options (2019: nil).

Director's Report continued...

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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Forward-looking statements

Aerometrex advises that this document contains forward-looking statements which may be subject to significant uncertainties outside of Aerometrex's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance not be placed on any forward-looking statements.

Auditor's independence declaration

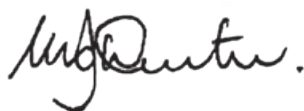
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Lindh
Chair of the Board



Mark Deuter
Managing Director

28 September 2020



Tree Canopy Coverage Map
Onkaparinga, SA
Australia

Remuneration Report

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A. Key management personnel
- B. Remuneration policy
- C. Details of remuneration
- D. Employment contracts
- E. Share-based compensation
- F. Shareholdings of key management personnel
- G. Additional disclosures relating to key management personnel

A. Key management personnel (KMP)

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 directors	Position
Mark Lindh	Independent Non-Executive Director, Chair
Peter Foster	Independent Non-Executive Director (appointed 15 October 2019)
Matthew White	Non-Executive Director
Glen Davis	Non-Executive Director (appointed 31 May 2019, resigned 23 August 2019)

Executive directors	Position
Mark Deuter	Executive Director, Managing Director
David Byrne	Executive Director, Chief Operating Officer

Executives	Position
Chris Mahar	Chief Financial Officer (appointed 15 October 2019)
Tol Mofflin	Head of Aviation (appointed 3 February 2020)
Scott Tomlinson	Chief Aviation Officer (KMP until 3 February 2020)
Ralph Lante	General Manager - LiDAR
Beata Serafin	Chief People Officer
Todd Dunow	National Sales Manager
Rick Cassidy	President, US Operations (appointed 3 February 2020)

B. Remuneration policy

The objectives of the Group’s executive reward framework is:

- to align rewards with business outcomes that deliver value to shareholders,
- to ensure remuneration is competitive in the employment market to attract and retain executive talent,
- to drive a high performance culture by rewarding high performing individuals based on achieving outcomes,
- transparent and easily understood, and
- acceptable to shareholders.

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board. This committee is responsible for determining and reviewing the compensation arrangements for the directors and the executive team (collectively the key management personnel).

The Group has structured a remuneration framework that is commensurate with the current operational requirements.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary, and
- short term and long term incentives being employee share schemes and bonuses.

The committee reviews and assesses the appropriateness of the remuneration on a periodic basis by reference to employment market conditions with the overall objective to ensure shareholder value and benefit from the recruitment and retention of a high quality board and executive team.

The payment of any bonuses or other incentives are reviewed by the Remuneration and Nomination Committee with appropriate recommendations put to the Board for approval.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors’ remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors’ fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors’ fees and payments are appropriate and in line with the market. The chairman’s fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Aerometrex’s constitution provides that all non-executive directors may be paid remuneration for their services. The total amount of the remuneration for non-executive directors may not exceed the higher of \$300,000 and the amount fixed in general meeting for that purpose.

Any increase in the aggregate amount needs to be approved by shareholders. Directors will seek approval of the shareholders from time to time as appropriate.

The current base Non-Executive Director fees per annum, excluding statutory superannuation are:

	2020
Chair of the Board	\$70,000
Non-Executive Director	\$60,000

Remuneration Report continued...

C. Details of remuneration

The company became a listed public company on 10 December 2019 with this being the first remuneration report of Aerometrex Limited and the first remuneration report to be presented at an Annual General Meeting.

		Short-term benefits				Post employment	Long term benefits	Share based payments		Total	Performance related
		Salary & Fees	Cash bonus	Non-monetary	Employee entitlements ¹	Superannuation	Employee entitlements ²	Options ³	Shares	Remuneration	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors											
Mark Lindh	2020	60,000	-	-	-	5,383	-	34,500	-	99,883	0.0%
Matthew White	2020	52,500	-	-	-	11,780	-	34,500	-	98,780	0.0%
Peter Foster ^{4,10}	2020	40,000	-	-	-	3,800	-	11,518	-	55,318	0.0%
Glen Davis ⁵	2020	-	-	-	-	-	-	-	-	-	-
Executive directors											
Mark Deuter ¹⁰	2020	234,880	-	-	(5,751)	28,456	22,488	11,518	-	291,591	0.0%
David Byrne ¹⁰	2020	201,211	-	-	914	24,900	12,817	11,518	-	251,361	0.0%
Executives											
Chris Mahar ⁶	2020	107,574	-	-	7,621	10,172	166	11,518	-	137,052	0.0%
Beata Serafin	2020	141,396	-	-	9,363	20,170	30,439	11,518	-	212,886	0.0%
Todd Dunow	2020	167,590	-	-	(10,753)	15,445	5,295	11,518	-	189,095	0.0%
Tol Mofflin ⁷	2020	55,083	-	-	6,657	5,207	59	11,518	-	78,524	0.0%
Ralph Lante	2020	145,213	-	-	(11,076)	13,738	3,799	11,518	-	163,193	0.0%
Rick Cassidy ⁸	2020	84,069	-	6,457	6,818	1,345	-	5,759	-	104,448	0.0%
Scott Tomlinson ⁹	2020	140,043	-	-	2,602	15,338	-	-	-	157,983	0.0%
		1,429,559	-	6,457	6,395	155,735	75,063	166,906	-	1,840,115	0.0%

¹ Net movement in annual leave provision for the year

² Net movement in long service leave provision for the year

³ Value of options recognised in the profit and loss statement

⁴ Appointed 15 October 2019

⁵ Appointed 31 May 2019, resigned 23 August 2019

⁶ Appointed 15 October 2019

⁷ Appointed 3 February 2020

⁸ Appointed 3 February 2020 and non-monetary benefits relate to US health insurance contributions

⁹ Ceased as a KMP on 2 February 2020

¹⁰ Granting of options subject to shareholder approval at the AGM

No key management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Share based remuneration

As part of the listing on the Australian Securities Exchange (ASX), options were issued to Mr Mark Lindh (Chair of the Board) and Mr Matthew White (Non-executive director) in recognition of achieving the successful listing of the company.

Bonuses included in remuneration

No short term incentive cash bonuses were awarded as remuneration during the financial year ended 30 June 2020 (2019: \$Nil).

D. Employment contracts

There are no formal contracts between the Company and non-executive directors other than the initial letter of appointment that identifies the remuneration as at the initial appointment date.

All executive employees and KMP are employed under ongoing employment agreements and as such only have a commencement date with no fixed expiry date. Details of KMP contracts as at 30 June 2020 were as follows:

Executive officers	Position	Notice period for termination	
		By Company	By Executive
Mark Deuter	Executive director, Managing Director	6 months	6 months
David Byrne	Executive director, Chief Operating Officer	6 months	6 months
Chris Mahar	Chief Financial Officer	2 weeks	2 weeks
Tol Mofflin	Head of Aviation	2 weeks	2 weeks
Ralph Lante	General Manager - LiDAR	3 weeks	2 weeks
Beata Serafin	Chief People Officer	4 weeks	4 weeks
Todd Dunow	National Sales Manager	4 weeks	4 weeks
Rick Cassidy	President, US Operations	3 months	3 weeks

The Company may terminate employment by providing appropriate written notice or provide payment in lieu of notice, in accordance with the employment agreement as outlined above. On termination, any unvested options expire and lapse. Where options have vested or will vest during the notice period, they are required to be exercised within 90 days, after which the options will expire and lapse.

The Company may terminate employment without notice, or payment in lieu of notice, in cases of serious misconduct. A non-exhaustive list of circumstances that may amount to serious misconduct is outlined in the KMP employment agreement. Where termination with cause has occurred, the employee is entitled to remuneration up to and including the date of termination. The remuneration is based on the fixed component only. Under these circumstances any options will expire and lapse immediately on termination.

E. Share based compensation

Options

During the current reporting period an Employee Share Option Plan was implemented such that Directors and employees may be issued with options to acquire ordinary shares in the company. Options may be issued based on the terms and conditions as determined by the Board in accordance with the plan rules.

Options vest based on the provision of service over the vesting period whereby the participant becomes beneficially entitled to the option on vesting date provided certain conditions are met, generally that they are employed or engaged at the time of vesting, or that specified performance hurdles have been met to determine vesting. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The Company has applied the Black-Scholes Valuation Model to determine the fair value of the options granted which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of such grants is being amortised and disclosed as part of remuneration on a straight line basis over the vesting period. Further details are included in note 20 to the notes to the financial statements.

Remuneration Report continued...

Options over ordinary shares granted, exercised and lapsed for directors and other key management personnel is as follows:

	Balance as at 1 July 2019 #	Granted during the period #	Lapsed or forfeited during the period #	Exercised during the period #	Balance at 30 June 2020 #	Vested during the period #	Unvested at balance date #	Grant date	Value per option / share at grant date \$	Exercise price per share (option) \$	Vesting date	Expiry date	Value exercised during the period \$
Directors													
Mark Lindh													
Options ¹	-	500,000	-	-	500,000	500,000	-	Dec 2019	0.069	1.25	Dec 2019	Dec 2021	-
Matthew White													
Options ¹	-	500,000	-	-	500,000	500,000	-	Dec 2019	0.069	1.25	Dec 2019	Dec 2021	-
Peter Foster													
Options ²	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options ²	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
Mark Deuter													
Options ²	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options ²	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
David Byrne													
Options ²	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options ²	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-

¹ Granted for the successful listing of the company on the ASX.
² Subject to shareholder approval at the AGM.
There are no performance related conditions attached to any of these options other than being employed at the vesting date.
The issue of options is to align the interests of employees of the company with the long term interests of shareholders.

	Balance as at 1 July 2019 #	Granted during the period #	Lapsed or forfeited during the period #	Exercised during the period #	Balance at 30 June 2020 #	Vested during the period #	Unvested at balance date #	Grant date	Value per option / share at grant date \$	Exercise price per share (option) \$	Vesting date	Expiry date	Value exercised during the period \$
Other key management personnel													
Chris Mahar													
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
Tol Mofflin													
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
Ralph Lante													
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
Beata Serafin													
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
Todd Dunow													
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options	-	50,000	-	-	50,000	-	50,000	May 2020	1.001	1.25	May 2022	May 2023	-
Rick Cassidy													
Options	-	25,000	-	-	25,000	-	25,000	May 2020	1.001	1.25	May 2021	May 2023	-
Options	-	25,000	-	-	25,000	-	25,000	May 2020	1.001	1.25	May 2022	May 2023	-

The options are not quoted on the ASX and carry no dividend or voting rights. Options cannot be transferred without approval from the Board.

Remuneration Report continued...

F. Shareholdings of key management personnel

	Balance as at 30 June 2019 Ordinary Shares	Balance as at 30 June 2019 Convertible Notes	Restructure of Capital ¹	Conversion of Convertible Notes ²	Additions	Disposals	Balance as at 30 June 2020
Directors							
Mark Lindh	-	-	-	-	146,750	-	146,750
Matthew White	365,965	-	11,969,411	-	-	-	12,335,376
Peter Foster	-	-	-	-	50,000	-	50,000
Mark Deuter	338,240	-	11,062,625	-	20,000	-	11,420,865
David Byrne	254,665	-	8,329,185	-	-	-	8,583,850
	958,870	-	31,361,221	-	216,750	-	32,536,841
Other key management personnel							
Chris Mahar	-	-	-	-	25,000	-	25,000
Tol Mofflin	-	-	-	-	-	-	-
Ralph Lante ³	-	115,000	-	-	-	(115,000)	-
Ralph Lante	-	-	-	151,143	2,685	-	153,828
Beata Serafin	197,618	-	6,463,381	-	-	-	6,660,999
Todd Dunow	101,618	-	3,323,563	-	-	-	3,425,181
Rick Cassidy	-	-	-	-	-	-	-
Scott Tomlinson	248,090	-	8,114,140	-	-	-	8,362,230
	547,326	115,000	17,901,084	151,143	27,685	(115,000)	18,627,238

¹ Share split of 1:32.70644 on 9 September 2019

² Conversion of 1 convertible note into 1.31428 ordinary shares

³ Disposal of convertible note is the conversion to ordinary shares

G. Additional disclosures relating to key management personnel

Related party transactions

Mark Lindh is a director of Adelaide Equity Partners and a beneficiary of a trust for which shares in Adelaide Equity Partners are held. The company entered into an agreement with Adelaide Equity Partners on 26 June 2018 to provide corporate advisory and investor relations services in relation to the capitalisation requirements of the company. Adelaide Equity Partners was paid a retainer of \$7,500 per month until the Corporate Advisor Mandate was terminated in November 2019 ahead of the public listing. Total payments made during the period were \$37,500 (2019: \$90,000).

Adelaide Equity Partners received \$250,000 as a success fee in relation to the listing of the company on the Australian Securities Exchange on 10 December 2019. In the prior reporting period, Adelaide Equity Partners received \$70,000 (June 2019) as a success fee in relation to the convertible note issue. The success fees are part of the June 2018 mandate which was signed prior to Mark Lindh being appointed as a Director.

AE Administrative Services Pty Ltd provided company secretarial services during the reporting period. Total payments made during the period were \$21,360 (2019: \$nil).

Matthew White is the owner of Business Initiatives which provided accounting, taxation and financial controlling services during the reporting period. The amounts billed related to the provision of services during the period and totalled \$200,574 (2019: \$192,125) were based on normal market rates and were fully paid as of the reporting date. A significant portion of this \$200,574 related to services provided in respect of the prospectus and preparing the company for becoming a public company limited by shares.

End of audited remuneration report.

Auditor's Independence Declaration



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Adelaide SA 5000

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Independent Auditor's Report

To the Directors of Aerometrex Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Aerometrex Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton
GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 28 September 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Financial Statements & Notes

Clock Tower
Brisbane, QLD
Australia

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2020 \$'000	2019 \$'000
Revenue from ordinary activities	5	20,091	16,109
Other income	5	174	182
Total operating revenue		20,265	16,291
Aircraft and project - project and processing costs		(6,377)	(4,512)
Employee benefits expense		(6,538)	(4,712)
Share based payments	20	(363)	-
Depreciation of property, plant and equipment		(2,111)	(1,502)
Amortisation of intangible assets		(1,677)	(479)
Advertising and marketing		(229)	(19)
Consulting, professional services		(163)	(233)
IT and telecommunications		(579)	(219)
Occupancy		(225)	(157)
Travel & accommodation		(123)	(740)
IPO and Capital Raising Costs expensed		(499)	-
Refinance costs		(198)	-
Other expenses		(1,070)	(664)
Finance costs	21	(370)	(191)
Finance income	21	177	3
(Loss)/Profit before income tax		(80)	2,866
Income tax expense	6	(186)	(296)
(Loss) / Profit for the year after income tax		(266)	2,570
(Loss) / Profit attributable to:			
Equity holders of the parent		(293)	2,562
Non-controlling interests		27	8
(Loss) / Profit for the year after income tax		(266)	2,570
Earnings per share:			
	Notes	2020 \$	2019 \$
Basic, (loss) profit for the year attributable to ordinary equity holders of the parent	22	(0.004)	0.043
Diluted, (loss) profit for the year attributable to ordinary equity holds of the parent	22	(0.004)	0.043

To be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	2020 \$'000	2019 \$'000
Assets			
Current			
Cash and cash equivalents	7	22,239	5,110
Trade and other receivables	8	2,512	2,759
Contract Assets	9	563	1,276
Other Assets	10	459	97
Total current assets		25,773	9,242
Non-current			
Property, plant and equipment	11	16,364	9,800
Intangibles	12	6,572	3,102
Deferred tax assets	18	1,418	349
Total non-current assets		24,354	13,251
Total assets		50,127	22,493
Liabilities			
Current			
Trade and other payables	13	4,267	1,103
Contract liabilities	14	1,334	522
Current tax liabilities		-	293
Other Financial liabilities	15	400	8,520
Employee benefits	16	1,295	890
Other Liabilities	17	750	-
Total current liabilities		8,046	11,328
Non-current			
Other Financial liabilities	15	2,731	3,112
Employee benefits	16	157	93
Deferred tax liabilities	18	1,588	1,091
Total non-current liabilities		4,476	4,296
Total liabilities		12,522	15,624
Net assets		37,605	6,869
Equity			
Equity attributable to owners of the parent:			
Share capital	19	32,892	2,377
Share based payment reserve	20	487	-
Retained earnings		3,829	4,122
Non-controlling interest		397	370
Total equity		37,605	6,869

To be read in conjunction with the accompanying notes.

Financial Statements continued...

Consolidated Statement of Cash Flows

	Notes	2020 \$'000	2019 \$'000
Operating activities			
Receipts from customers		23,332	16,115
Payments to suppliers and employees		(14,761)	(10,291)
Income taxes paid		(489)	(541)
Research & development tax incentive claim (refundable)		97	-
Interest received		177	3
Interest paid		(193)	(191)
Net cash generated from operating activities	30	8,163	5,095
Investing activities			
Purchase of property, plant and equipment		(5,251)	(2,615)
Deposits paid for property, plant and equipment		(1,812)	-
Purchase of other intangible assets		(3,750)	(1,564)
Payments for acquisitions	29	(750)	-
Net cash generated used in investing activities		(11,563)	(4,179)
Financing activities			
Proceeds from borrowings		7,633	(430)
Proceeds from issue of shares - IPO		25,000	-
Proceeds from issue of convertible notes		1,500	5,080
IPO costs incurred		(2,225)	-
Repayment of borrowings		(11,379)	-
Return of capital		-	(750)
Dividends paid	24	-	(680)
Net cash generated from financing activities		20,529	3,220
Net increase/(decrease) in cash and cash equivalents		17,129	4,136
Cash and cash equivalents at the beginning of the year		5,110	974
Cash and cash equivalents at the end of the year	7	22,239	5,110

To be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Notes	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance as at 1 July 2019		2,377	-	4,122	6,499	370	6,869
(Loss) after income tax for the year		-	-	(293)	(293)	27	(266)
Total comprehensive income		2,377	-	3,829	6,206	397	6,603
Proceeds from issue of ordinary shares - IPO		25,000	-	-	25,000	-	25,000
Share based payment reserve - broker options		(124)	-	-	(124)	-	(124)
IPO costs		(1,661)	-	-	(1,661)	-	(1,661)
Tax effect of IPO costs		457	-	-	457	-	457
Proceeds from issue of Series 'A' convertible notes		7,000	-	-	7,000	-	7,000
Convertible note costs		(420)	-	-	(420)	-	(420)
Tax effect of convertible notes costs		86	-	-	86	-	86
Finance cost of convertible notes now expensed		177	-	-	177	-	177
Net proceeds from conversion of Convertible notes to Issued Equity		6,843	-	-	6,843	-	6,843
Fair Value of options granted during the year	20	-	487	-	487	-	487

Balance as at 30 June 2020 **32,892** **487** **3,829** **37,208** **397** **37,605**

	Notes	Share capital \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance as at 1 July 2018		3,127	2,240	5,367	362	5,729
Profit after income tax for the year		-	2,562	2,562	8	2,570
Total comprehensive income		-	2,562	2,562	8	2,570
Dividends paid	23	-	(680)	(680)	-	(680)
Return of Capital		(750)	-	(750)	-	(750)
Balance as at 30 June 2019		2,377	4,122	6,499	370	6,869

To be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Reporting entity and general information

Aerometrex Limited (the Company) is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX: AMX). The consolidated financial statements comprise the Company and its controlled entities (the Group).

The accounting policies that are critical to understanding the financial statements are set out in this section. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

The Company's registered office and principal place of business is 51-53 Glynburn Road, Glynde SA 5070.

The Company is a professional aerial mapping business specialising in aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services. These activities are grouped into the following service lines:

- **Aerial photography and mapping:** flying, processing and delivering two dimensional digital maps on a project basis
- **Aerial LiDAR surveys:** flying, processing and delivering full waveform LiDAR products on a project basis
- **3D modelling:** flying, processing and delivering high resolution 3D models on a project basis
- **MetroMap:** online aerial imagery delivery service (DaaS subscription service)

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 28 September 2020.

2. Change to company type

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

3. Summary of significant accounting policies

3.1. Basis of preparation

The financial statements are prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are presented in Australian dollars with all values rounded to the nearest thousand unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Other than where stated below, or in the notes, the consolidated financial statements have been prepared on a going concern basis using the historical cost convention.

3.2. Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3.3. Changes in accounting policies and disclosures

The principal accounting policies adopted are consistent with those of the previous financial year.

Certain comparative information has also been reclassified to conform with the current period's presentation.

AASB 16 Leases

Transition to AASB 16

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

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

Summary of new accounting policies

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

Right-of-use assets

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. Leases held by the Company satisfy the relevant criteria of a short-term lease or low value asset. As a result, the standard did not have a material impact on the Company.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

3.4. Standards or interpretations issued but not yet effective or relevant to the Group

There are no standards or amendments that have been issued but are not yet effective that are expected to have a significant impact on the Group.

The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

3.5. Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition- date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

3.6. Goods and Services Tax (GST)/VAT

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.7. Notes to the financial statements

The notes include additional information required to understand the financial statements that is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if the amount in question is significant because of its size, nature or incidence or it helps to explain the impact of significant changes in the business, for example, acquisitions and asset write downs.

Line items labelled ‘other’ on the face of the consolidated statements comprise miscellaneous income, expenses, assets, liabilities or cash flows which individually or in aggregate are not considered material to warrant additional disclosures.

3.8. Critical accounting estimates

In preparing the financial statements, the Group is required to make estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses as reported in the financial statements. These estimates, judgements and assumptions are based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates, and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from judgements, estimates, and assumptions.

Where the Group has made significant judgements, estimates, and assumptions in the preparation of these financial statements, these are outlined with the financial statement notes to which they specifically relate.

4. Segment information

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

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

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

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

5. Revenue

Aerometrex generates revenue from two principle sources:

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

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

Notes to the Consolidated Financial Statements continued...

Accounting policy

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

Sale of goods and services (data sets) is recognised in full when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods or service.

Generally, for project work, the Group will invoice a component up front as a deposit to mobilise the air crew, a further component upon acquisition and the balance upon delivery of the data set.

The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase, i.e., by comparing the Group's overall contract revenue with the expected profit for each corresponding milestone. Progress and related contract revenue in-between milestones is determined by comparing input method of costs incurred to date with the total estimated costs estimated for that particular milestone (a procedure sometimes referred to as the cost-to-cost method).

The gross amount due from customers for contract work is presented as contract assets for contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

The gross amount due to customers for contract work is presented as unearned revenue for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The cost value of any unbilled work-in-progress is recognised as a contract asset in the statement of financial position.

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

Operating revenue arises from the sale of goods and the rendering of services. It is measured by reference to the fair value of consideration received or receivable. The Group often enters into sales transactions involving a range of the Group's products and services. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these multiple-component transactions are allocated to the separately identifiable component in proportion to its relative fair value.

	2020 \$'000	2019 \$'000
Operating Revenue		
3D	3,361	1,952
LiDAR	8,923	6,468
MetroMap	1,695	1,192
Photo Contracting	6,112	6,497
Total revenue from contracts with customers	20,091	16,109

	2020 \$'000	2019 \$'000
Timing of recognition of operating revenue		
3D	3,361	1,952
LiDAR	8,923	6,468
MetroMap	990	848
Photo Contracting	6,112	6,497
Transferred over time (on demand revenue)	19,386	15,765
MetroMap	705	344
Transferred over time (subscription revenue)	705	344
Total revenue from contracts with customers	20,091	16,109

	2020 \$'000	2019 \$'000
Operating revenue by geographic location		
Australia	19,553	15,910
US ¹	-	62
Europe ¹	538	137
Total revenue from contracts with customers	20,091	16,109

¹ Customers were serviced from the Australian operations

	2020 \$'000	2019 \$'000
Other Income		
COVID-19 related grants and credits	50	-
Government employment incentives	38	8
Export grants	-	11
Other income	86	163
Total other income	174	182

Government grants

Government grants are recognised as income when received or when the Company complies with any conditions such that it becomes to entitled to the grant (either before or after year end).

COVID-19 related grants and credits

Coronavirus (COVID-19) related grants consist of the temporary Cash Flow Boost scheme that was introduced to support business during the economic downturn associated with COVID-19. Under the Cash Flow Boost payment scheme, eligible businesses who employ staff will receive a cash flow boost in the form of a credit when lodging their business activity statement. The activity statement must be lodged to receive the entitlement to the cash flow boost. The Company recognises the entitlement of the Cash Flow Boost in the profit or loss when the business activity statement is lodged.

6. Income tax

	2020 \$'000	2019 \$'000
Income tax expense		
Current tax	39	293
Deferred tax - origination and reversal of temporary differences	211	16
Research and development tax offset	(113)	-
Adjustment recognised for prior periods	49	(13)
Income tax expense	186	296

Notes to the Consolidated Financial Statements continued...

The reconciliation of income tax expense at the Australian tax rate to total income tax expense is as follows:

	2020 \$'000	2019 \$'000
Profit / (Loss) from continuing operations before income tax expense	(80)	2,866
Tax expense / (loss) at the Australian tax rate of 27.5% (2019: 27.5%)	(22)	788
Income tax expense adjustments:		
Effect of different tax rates in foreign jurisdictions	7	-
Effect on non-assessable income and non-deductible expenses	146	67
Shared based payments	100	-
Interest on convertible notes (converted to equity)	49	-
Adjustments for current and deferred tax	19	(462)
Research and development tax offsets	(113)	(97)
Income tax expense	186	296

Accounting policy

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Aerometrex Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

7. Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash at bank and in hand:		
Cash at bank and on hand	3,631	5,110
Short term deposits at call	18,608	-
Cash and cash equivalents	22,239	5,110

Short term deposits at call represent deposits with a maturity date of less than three months.

8. Trade and other receivables

	2020 \$'000	2019 \$'000
Trade receivables	2,512	2,759
Less: Allowance for credit losses	-	-
Trade receivables	2,512	2,759
Trade and other receivables	2,512	2,759

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30-90 days depending on the nature of the transaction and are non-interest bearing and unsecured.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The Group has not recognised any loss in relation to expected credit losses (2019: \$nil).

2020	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount	2,427	84	1	-	2,512
Expected credit loss	-	-	-	-	-

2019	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount	2,502	94	163	-	2,759
Expected credit loss	-	-	-	-	-

Critical accounting estimate

Trade receivables are reviewed on a regular basis to assess whether there is any impairment risk of a balance not being recoverable that would give rise to an expected credit loss. As at the reporting date, the assessment of impairment was nil. The assessment assumptions include recent sales experience and historical collection rates.

9. Contract assets

	2020 \$'000	2019 \$'000
Contract Assets	563	1,276
Contract Assets	563	1,276

Contract assets relate to work that has been undertaken in relation to ongoing projects where the revenue is recognised over time but had not been billed as at the reporting date.

Notes to the Consolidated Financial Statements continued...

10. Other assets

	2020 \$'000	2019 \$'000
Prepayments	456	97
Deposits and Bonds	3	-
Total other assets	459	97

Prepayments relate to expenses that have either been paid or incurred (and therefore recognised in trade and other payables) in the current reporting period but the goods or services will be provided in a future period.

11. Property, plant and equipment

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
As at 30 June 2020					
Cost	794	2,395	16,119	3,876	23,184
Less Accumulated Depreciation	-	(214)	(6,606)	-	(6,820)
Carrying amount at the end of the year	794	2,181	9,513	3,876	16,364

Reconciled as:

Cost as at 1 July 2019	794	2,395	11,367	-	14,556
Additions	-	-	4,799	3,876	8,675
Disposals	-	-	(45)	-	(45)
Cost as at 30 June 2020	794	2,395	16,121	3,876	23,186

Accumulated Depreciation as at 1 July 2019	-	(124)	(4,632)	-	(4,756)
Disposals	-	-	45	-	45
Depreciation	-	(90)	(2,021)	-	(2,111)
Accumulated Depreciation as at 30 June 2020	-	(214)	(6,608)	-	(6,822)

Net carrying value as at 30 June 2020	794	2,181	9,513	3,876	16,364
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Reconciliation of carrying amount at 30 June 2020

Carrying amount at the beginning of the year	794	2,271	6,735	-	9,800
Additions	-	-	4,799	3,876	8,675
Disposals	-	-	-	-	-
Depreciation	-	(90)	(2,021)	-	(2,111)
Carrying amount at the end of the year	794	2,181	9,513	3,876	16,364

Capital work in progress represents:

- Progress payments on delivery of a new aeroplane which is intended to be used in the LiDAR operations; and
- Deposits on acquisition of three additional imagery sensors including a second MetroCam for use in MetroMap data captures (subscription service) and additional LiDAR sensor for use with new aeroplane.

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
As at 30 June 2019					
Cost	794	2,395	11,367	-	14,556
Less Accumulated Depreciation	-	(124)	(4,632)	-	(4,756)
Carrying amount at the end of the year	794	2,271	6,735	-	9,800

Reconciled as:

Cost as at 1 July 2018	794	2,395	8,830	-	12,019
Additions	-	-	2,537	-	2,537
Disposals	-	-	-	-	-
Cost as at 30 June 2019	794	2,395	11,367	-	14,556

Accumulated Depreciation as at 1 July 2018	-	(23)	(3,236)	-	(3,259)
Disposals	-	-	-	-	-
Depreciation	-	(101)	(1,396)	-	(1,497)
Accumulated Depreciation as at 30 June 2019	-	(124)	(4,632)	-	(4,756)

Net carrying value as at 30 June 2019	794	2,271	6,735	-	9,800
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Reconciliation of carrying amount at 30 June 2019

Carrying amount at the beginning of the year	794	2,372	5,595	-	8,761
Additions	-	-	2,541	-	2,541
Disposals	-	-	-	-	-
Depreciation	-	(101)	(1,401)	-	(1,502)
Carrying amount at the end of the year	794	2,271	6,735	-	9,800

Accounting policy

Each class of property, plant and equipment is carried at historical cost or fair value, less, where applicable, any accumulated depreciation and impairment losses. The historical cost includes any expenditure that is directly attributable to the acquisition of the item.

Depreciation is recognised on a straight-line basis to write off the cost off the item less any estimated residual value over its expected useful life. The following useful lives are applied:

- Land: As land does not have a finite life, related carrying amounts are not depreciated
- Buildings: 40 years
- IT equipment: 3-5 years
- Other equipment: 3-12 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Any impairment charges are separately identified in the financial statements.

Critical accounting estimate - Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected use of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the effective life of technology related equipment - IT, sensors.

Notes to the Consolidated Financial Statements continued...

12. Intangible assets

	Datasets \$'000	Other \$'000	Goodwill \$'000	Contractual Rights \$'000	Total \$'000
As at 30 June 2020					
Cost	7,339	32	1,785	364	9,520
Less Accumulated Amortisation	(2,915)	-	-	(33)	(2,948)
Carrying amount at the end of the year	4,424	32	1,785	331	6,572
Reconciled as:					
Cost as at 1 July 2019	2,555	33	1,785	-	4,373
Additions	4,784	19	-	364	5,167
Disposals	-	-	-	-	-
Impairment	-	(20)	-	-	(20)
Cost as at 30 June 2020	7,339	32	1,785	364	9,520
Accumulated Amortisation as at 1 July 2019	(1,271)	-	-	-	(1,271)
Amortisation	(1,644)	-	-	(33)	(1,677)
Disposals	-	-	-	-	-
Accumulated Amortisation as at 30 June 2020	(2,915)	-	-	(33)	(2,948)
Net carrying value as at 30 June 2020	4,424	32	1,785	331	6,572
Gross carrying amount					
Balance 1 July 2019	1,284	33	1,785	-	3,102
Additions	4,784	19	-	364	5,167
Impairment	-	(20)	-	-	(20)
Amortisation	(1,644)	-	-	(33)	(1,677)
Carrying amount 30 June 2020	4,424	32	1,785	331	6,572

	Datasets \$'000	Other \$'000	Goodwill \$'000	Contractual Rights \$'000	Total \$'000
As at 30 June 2019					
Cost	2,555	33	1,785	-	4,373
Less Accumulated Amortisation	(1,271)	-	-	-	(1,271)
Carrying amount at the end of the year	1,284	33	1,785	-	3,102
Reconciled as:					
Cost as at 1 July 2018	933	22	1,785	-	2,740
Additions	1,623	12	-	-	1,635
Disposals	-	-	-	-	-
Impairment	-	(1)	-	-	(1)
Cost as at 30 June 2019	2,556	33	1,785	-	4,374
Accumulated Amortisation as at 1 July 2018	(793)	-	-	-	(793)
Amortisation	(479)	-	-	-	(479)
Disposals	-	-	-	-	-
Accumulated Amortisation as at 30 June 2019	(1,272)	-	-	-	(1,272)
Net carrying value as at 30 June 2019	1,284	33	1,785	-	3,102
Gross carrying amount					
Balance 1 July 2018	140	33	1,785	-	1,958
Additions	1,623	-	-	-	1,623
Amortisation	(479)	-	-	-	(479)
Carrying amount 30 June 2019	1,284	33	1,785	-	3,102

Accounting policy

Each class of intangible assets is carried at historical cost, less, where applicable, any accumulated amortisation and impairment losses. The historical cost includes any expenditure that is directly attributable to the acquisition of the item.

Amortisation is recognised on a straight-line basis to write off the cost off the item less any estimated residual value over its expected useful life. The following useful lives are applied:

- Datasets: 2 years
- Contractual rights: 1-3 years (remainder of subscription term)

An intangible item is derecognised upon disposal or when there is no future economic benefit to the Group. Gains or losses arising on the disposal of intangibles are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Any impairment charges are separately identified in the financial statements.

Critical accounting estimate - Datasets

MetroMap datasets are capitalised to the statement of financial position and amortised on a straight line basis over an effective life of two years. The capitalisation and amortisation commences from the completed date of capture being the date that the dataset is made available to customers. The capitalised cost for the dataset includes the cost of capture being the aerial survey and employment costs directly attributable to the transformation of the data to enable the upload of the imagery to the MetroMap platform.

Management reviews its estimate of the useful lives of capitalised datasets at each reporting date. Uncertainties in these estimates relate to technical obsolescence that may change the use of datasets in future periods.

During the year, the Company acquired Spookfish Australia Pty Ltd from EagleView Technologies Inc and as part of the acquisition acquired an irrevocable perpetual licence to the data imagery and the existing customer list.

Notes to the Consolidated Financial Statements continued...

Critical accounting estimate – Value of assets and effective life of intangibles acquired via Spookfish Australia Pty Ltd

Valuation of dataset (imagery) of \$1.2m

Management reviewed the available datasets included under the perpetual licence identifying datasets that were less than two years old in line with the Company's existing amortisation policy of datasets. A valuation was attributed to the datasets based on square kilometres captured multiplied by a conservative capture cost per kilometre based on past experience and knowledge. The imputed cost was then subject to a notional amortisation calculation with the remaining effective life component being recognised as the asset acquired. This dataset is then amortised over the remaining useful life in line with the Company's assessment of its own datasets. That is the effective life of imagery is two years from its publishing date.

Valuation of contractual rights of \$364k

Contractual rights relate to customer contracts held by Spookfish Australia Pty Ltd. The cost of the contractual rights is amortised over the effective life of the remaining subscription term.

Critical accounting estimate – Research and development

Expenditure on research and development activities is expensed and recognised in the statement of profit or loss and other comprehensive income as incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the consolidated entity is able to use or sell the asset, the consolidated entity has sufficient resources and intent to complete the development, and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Goodwill

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired in a business combination and is measured at cost less, where applicable, any accumulated impairment losses.

Critical accounting estimate – Impairment of goodwill

Goodwill and other indefinite life intangible assets are not subject to amortisation but are tested for impairment annually, or more frequently if events or changes in circumstances indicate impairment. An impairment loss is recognised when the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs or value in use. For the purposes of goodwill impairment testing, the cash generating unit (CGU) to which goodwill has been allocated, generally the CGU(s) that is expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill, is compared against the recoverable amount of the CGU to determine any impairment loss.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The Group performed its annual impairment test at 30 June 2020. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2020, the market capitalisation of the Group was above the book value of its equity and growth within photomapping and capture of datasets continued throughout the 2020 financial year.

Australia CGU

The Australia CGU includes the value of goodwill and data sets at 30 June 2020 totalling \$6.2m and property, plant and equipment of \$16.3m giving rise to a total CGU value of \$22.5m.

The recoverable amount of the Australia CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

The pre-tax discount rate applied to the cash flow projections is 14.9% (2019: 13.8%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 3% (2019: 3%).

These projections are based on company experience and external information sources of the available target market. The industry segments in the Group's customer portfolio have not been significantly impacted COVID-19. However, in preparing financial projections, the Group has considered the macroeconomic uncertainty arising from COVID-19 and the likely impact on cash flows.

As a result of the analysis, there is adequate headroom and management did not identify an impairment for this CGU.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount

13. Trade and other payables

	2020 \$'000	2019 \$'000
Current		
Trade payables	1,083	838
Other payables - asset acquisitions (capital work in progress)	2,081	-
Other payables	1,103	265
Total trade and other payables	4,267	1,103

Due to their short term nature these liabilities are measured at amortised value and not discounted. The amounts are unsecured and normally settled within 30 days of recognition.

These amounts represent liabilities owing by the Group at the end of the reporting period where:

- The goods or services had been provided to the Group prior to the end of the reporting period and had not been paid.
- Goods or services that had not been provided to the Group by the end of the reporting period, but an obligation to pay an amount had been incurred, are recognised within prepayments (other current assets).
- In relation to asset acquisitions, invoices had been received prior to the end of the reporting period but had not been paid. These are recognised in property, plant and equipment as capital work in progress.

14. Contract Liabilities

	2020 \$'000	2019 \$'000
Current		
Projects billed in advance	309	522
Subscriptions billed in advance	1,025	-
Total contract liabilities	1,334	522

This should be read in conjunction with Note 5 Revenue.

Projects billed in advance is where the progress billings to customers for contract work (projects) which has not been completed exceeds the costs incurred plus recognised profits (less recognised losses).

Subscriptions billed in advance represents monies paid by subscribers to the MetroMap data service in advance of the service being provided. Monies received in advance of the services being provided are deferred to the future period matching the subscription term, generally 1-3 years.

Notes to the Consolidated Financial Statements continued...

15. Other Financial liabilities

	Current		Non-current	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying amount at amortised cost				
Other bank borrowings:				
Credit card facilities	123	106	-	-
Chattel mortgage liabilities	-	1,299		3,112
Commercial hire purchase	156	-	954	-
Commercial bills	-	2,035	-	-
Business loans	121	-	1,777	-
Convertible notes	-	5,080	-	-
Total	400	8,520	2,731	3,112

Chattel mortgages and commercial hire purchases

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

The arrangements are classified as follows:

	2020 \$'000	2019 \$'000
	Commercial hire purchase	Chattel mortgage
Minimum payments	1,270	4,896
Less future charges	(160)	(485)
Present value of minimum payments	1,110	4,411
Current Liability	156	1,299
Non-Current Liability	954	3,112
Total	1,110	4,411

Commercial bills

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

Finance arrangements

Aerometrex has the following debt facilities available with Westpac. These debt facilities are:

1. A bank bill business loan facility of \$4.4m which was used to refinance the previous equipment finance under the chattel mortgages. This facility has a term of 4 years (expires October 2023). This debt was repaid following the successful completion of the IPO. This facility has a reducing limit in line with a principal and interest loan however is available to be drawn down as required. At the end of the reporting period the outstanding liability was \$1k (June 2019: \$4,411k chattel mortgage) with an available facility limit of \$3.8m at the end of the reporting period.
1. A pre-approved equipment line of \$2m which is intended to assist with new capital purchases of plant and equipment. At the end of the reporting period the outstanding balance was \$1.185m represented by the commercial hire purchases (2019: \$4.4m as chattel mortgages).
2. Corporate credit card facility of \$200k. Balance as at the end of the reporting period was \$123k (June 2019: \$106k). This balance is cleared in full on a monthly basis.
3. A \$100k bank guarantee facility.

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

The facilities have the following financial covenants:

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

These covenants were met for the year ended 30 June 2020.

In addition, AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a controlled entity of Aerometrex and the owner of Aerometrex's head office premises has a bank bill loan secured by a general security agreement from AMX Capital Pty Ltd as trustee for AMX Capital Trust, a first mortgage over 51-53 Glynburn Road, Glynde SA and guarantees from Aerometrex and Atlass-Aerometrex Pty Ltd. At the end of the reporting period the outstanding liability was \$1.89m (June 2019: \$2.035m commercial bill).

Convertible Notes

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

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

	2020 #	2019 #	2020 \$'000	2019 \$'000
Opening balance at 1 July	5,499,980	-	5,080	-
Issue of convertible notes	1,500,020	5,499,980	1,500	5,500
Conversion of convertible notes	(7,000,000)	-	(6,757)	-
Transaction costs	-	-	-	(420)
Addback of finance cost on convertible note now expensed	-	-	177	-
Closing balance at 30 June	-	5,499,980	-	5,080

Notes to the Consolidated Financial Statements continued...

16. Employee benefits

Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	2020 \$'000	2019 \$'000
Current		
Leave provisions	1,233	852
Other short-term employee obligations	62	38
Total current provisions	1,295	890
Non-current		
Leave provisions	157	93
Total non-current provisions	157	93
Total employee provisions and obligations	1,452	983

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits where they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

17. Other liabilities

	2020 \$'000	2019 \$'000
Deferred consideration	750	-
Total	750	-

Deferred consideration represents the second instalment payable to EagleView Technologies Inc for the acquisition of Spookfish Australia Pty Ltd. This is the maximum amount payable for the final settlement payment in relation to the acquisition of key contracts and is based on the number of customers retained on the first anniversary of the original acquisition date.

18. Deferred tax assets and liabilities

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

	1 July 2019 \$'000	Recognised in profit and loss \$'000	Recognised in equity \$'000	30 June 2020 \$'000
Deferred tax liabilities / (assets)				
Non-current assets				
Property, plant and equipment	447	61	-	508
Intangible assets	359	566	-	925
Current assets				
Other assets	285	(130)	-	155
Unused income tax losses		(66)	-	(66)
Non-current liabilities				
Employee obligations	(26)	(17)	-	(43)
Current liabilities				
Contract liabilities	(78)	(436)	-	(514)
Employee obligations	(245)	(121)	-	(366)
Equity				
Capital Raising Costs		-	(429)	(429)
Net deferred tax	742	(143)	(429)	170
Total deferred tax assets	(349)	(640)	(429)	(1,418)
Total deferred tax liabilities	1,091	497	-	1,588

	1 July 2018 \$'000	Recognised in profit and loss \$'000	30 June 2019 \$'000
Deferred tax liabilities / (assets)			
Non-current assets			
Property, plant and equipment	440	7	447
Intangible assets	331	28	359
Current assets			
Other assets	181	104	285
Non-current liabilities			
Employee obligations	(16)	(10)	(26)
Current liabilities			
Provisions	(22)	(56)	(78)
Employee obligations	(187)	(58)	(245)
Total deferred tax assets	(225)	(124)	(349)
Total deferred tax liabilities	952	139	1,091

Notes to the Consolidated Financial Statements continued...

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

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

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

Critical accounting estimate – Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

19. Share capital

	2020 Shares	2019 Shares	2020 \$'000	2019 \$'000
Shares issued and fully paid:				
Opening Balance 1 July	1,786,009	1,786,009	2,377	3,127
Restructure of Existing Securities ^(a)	58,413,991	-	-	-
Restructured number of shares prior to IPO / note conversion	60,200,000	1,786,009	2,377	3,127
Issue of Securities (prospectus) ^(b)	25,000,000	-	25,000	-
Net costs (after tax effect) associated to IPO	-	-	(1,204)	-
Allocation of options to Lead Manager on IPO	-	-	(124)	-
Convertible notes (conversion) ^(c)	9,200,000	-	7,000	-
Net costs (after tax effect) of convertible notes	-	-	(157)	-
Return of Capital	-	-	-	(750)
Total contributed equity at 30 June	94,400,000	1,786,009	32,892	2,377

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

During the current reporting year, the following security transactions were undertaken:

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

20. Share based payments

During the reporting year, the Company issued the following options:

Options granted	Beneficiary	Number #	Grant date	Vesting date	Expiry date	Exercise price \$	Fair value at grant date \$
10 Dec 2019	Non-Executive Directors	1,000,000	10 Dec 2019	10 Dec 2019	10 Dec 2021	1.25	0.069
10 Dec 2019	Lead Manager and Underwriter	944,000	10 Dec 2019	10 Dec 2021	10 Dec 2023	1.25	0.132
05 May 2020	Employees via ESOP	1,277,500	05 May 2020	05 May 2021	05 May 2023	1.25	1.001
05 May 2020	Employees via ESOP	1,277,500	05 May 2020	05 May 2022	05 May 2023	1.25	1.001

	2020 Options	2019 Options	2020 \$'000	2019 \$'000
Non executive directors	1,000,000	-	69	-
Employees via ESOP	2,555,000	-	294	-
Expensed to the Consolidated Statement of Profit & Loss	3,555,000	-	363	-
Lead manager and underwriter	944,000	-	124	-
Share based payments reserve	4,499,000	-	487	-

Summary of terms:

Broker options –the Lead Manager and Underwriter was issued 944,000 options with an exercise price of \$1.25 per option as part of the Lead Manager Mandate. These options will vest two years from the date the options are granted and will expire four years from the date the options are granted. As all vesting conditions have been met, these options have been recognised in full in the statement of financial position as a cost against the successful IPO.

Non-executive director options - the non-executive directors were issued 1,000,000 options with an exercise price of \$1.25 per option to the Chair, Mark Lindh, and non-executive director, Matthew White. These options will expire two years from the quotation date. As all vesting conditions have been met, these options have been recognised in full in the profit or loss statement.

Employee share option plan (ESOP) – during the reporting year 2,555,000 options were granted to staff under an employee share option plan to align staff with long term interests of shareholders. These options were issued for nil consideration with no performance obligations in relation to the options however there is a staged vesting based on employment with 50% vesting 12 months after issue and the remaining 50% vesting two years from issue. The options expiry date is set as three years from the offer date and have an exercise price of \$1.25 per option. As the vesting condition is based on time served during employment, the value of the options granted are recognised over the vesting condition service period (based on days).

Fair value of share options granted during the period

The fair value of the options granted was determined using the Black-Scholes Valuation Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the assumed volatility.

Valuation input - Black Scholes	Lead Manager	Non-Executive Directors	ESOP
Strike price (nominal value)	\$1.25	\$1.25	\$1.25
Current price	\$1.00	\$1.00	\$1.62
Time to expiration (years)	4	2	3
Risk free rate	1.070%	1.070%	0.239%
Dividend yield	0.000%	0.000%	0.000%
Volatility (assumed)	25.00%	25.00%	89.32%
Number of units	944,000	1,000,000	2,555,000
Black-Scholes valuation (per option)	\$0.132	\$0.069	\$1.001
Total Valuation	\$124,353	\$68,602	\$2,558,264

Notes to the Consolidated Financial Statements continued...

Movement in share options during the reporting period was as follows:

	2020 Options #	2020 Average exercise price \$	2019 Options #	2019 Average exercise price \$
Options				
Number of options outstanding at 1 July	-	-	-	-
Options granted during the period	4,499,000	1.25	-	-
Options exercised during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options forfeited during the period	-	-	-	-
Total options at 30 June	4,499,000	1.25	-	-
Vested and exercisable at 30 June	1,000,000	1.25		

Accounting policy

The Group implemented an employee share option plan during the reporting period to enable share based compensation benefits (equity-settled) to be provided to employees. The fair value of the shares granted is recognised as an employee benefits expense with a corresponding increase in equity (share based payments reserve). The fair value is measured at the grant date and is recognised over the period in which employees become unconditionally entitled to the shares (vesting conditions are met).

The Company adopts a Black-Scholes valuation methodology to determine the fair value of the shares at the grant date. The valuation methodology considers the current share price at grant date, risk free rate, volatility, expected dividend yield, the risk free interest rate for the term and any restrictions that may apply. The fair valuation of the shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Company reviews and revises, if necessary, its estimate of the number of shares that expected to vest. The employee benefit expense recognised in each period takes into account management's latest estimate. The impact of a revision of the original estimate is recognised in the profit or loss statement with a corresponding adjustment to equity (share based payments reserve).

Critical accounting estimate – non-market vesting conditions

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Company reviews and revises, if necessary, its estimate of the number of shares that expected to vest. The employee benefit expense recognised in each period takes into account management's latest estimate.

21. Finance costs and finance income

21.1. Finance income

	2020 \$'000	2019 \$'000
Interest income from cash and cash equivalents	177	3
Total finance income	177	3

Finance income comprises interest income on cash and cash equivalents and short term deposits. Interest income is reported on an accrual basis using the effective interest method.

21.2. Finance costs

	2020 \$'000	2019 \$'000
Interest expenses for chattel mortgage arrangements	78	147
Interest expenses on other facilities	115	44
Finance costs on pre-IPO Convertible Notes	177	-
Total finance costs	370	191

22. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit or loss after income tax attributable to equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the reporting period.

Dilutes EPS is calculated by dividing the net profit or loss after income tax attributable to equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the reporting period plus the weighted average number of ordinary shares that would be issued on conversion if all of the share options were exercised and converted into ordinary shares.

The following table reflects the data used in the calculation of the EPS computations:

	2020 \$'000	2019 \$'000
(Loss) or profit attributable to equity holders of the parent	(293)	2,562

	2020 #	2019 #
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Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	79,220,822	60,200,000
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Effects of dilution from:

Allotment of options to lead manager	525,019	-
Allotment of options to non executive directors	556,164	-
Allotment of options under employee share option plan (ESOP)	392,000	-

Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	80,694,005	60,200,000
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	2020 \$	2019 \$
Basic earnings per share	(0.004)	0.043
Diluted earnings per share	(0.004)	0.043

Total number of shares used in the calculation for the prior year has been adjusted to account for the share split of 1:32.7 which occurred on 9 September 2019 to enable comparison with the current period.

Notes to the Consolidated Financial Statements continued...

23. Related party transactions

The Group's related parties include key management, post-employment benefit plans for the Group's employees and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management of the Group are the executive members of Aerometrex's Board of Directors and members of the executive team. Key management personnel remuneration includes the following expenses:

	2020 \$
Short term employee benefits:	
Salaries including bonuses	1,436,016
Employee entitlements	6,395
Total short-term employee benefits	1,442,411
Long service leave	75,063
Total long-term benefits	75,063
Superannuation	155,735
Share based payments	166,906
Total Remuneration	1,840,115

During the FY20 year the company was listed on the Australia Stock exchange, and therefore key management personnel disclosures are only applicable from the date of listing. Therefore only KMP remuneration for 2020 has been disclosed with no comparative information as the listed company did not exist in the prior year.

Equity instruments issued to directors

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

Director	Position	Options #
Mr Mark Lindh	Independent Non-Executive Director, Chair	500,000
Mr Matthew White	Non-Executive Director	500,000

Options issued during the period under the terms and conditions as described in Note 20 Share based payments as follows:

Transactions with director-related entities

Mark Lindh is a director of Adelaide Equity Partners and a beneficiary of a trust for which shares in Adelaide Equity Partners are held. The company entered into an agreement with Adelaide Equity Partners on 26 June 2018 to provide corporate advisory and investor relations services in relation to the capitalisation requirements of the company. Adelaide Equity Partners was paid a retainer of \$7,500 per month until the Corporate Advisor Mandate was terminated in November 2019 ahead of the public listing. Total payments made during the period were \$37,500 (2019: \$90,000).

Adelaide Equity Partners received \$250,000 as a success fee in relation to the listing of the company on the Australian Securities Exchange on 10 December 2019. In the prior reporting year, Adelaide Equity Partners received \$70,000 (June 2019) as a success fee in relation to the convertible note issue. The success fees are part of the June 2018 mandate which was signed prior to Mark Lindh being appointed as a Director.

AE Administrative Services Pty Ltd provided company secretarial services during the reporting period. Total payments made during the period were \$21,360 (2019: \$nil).

Matthew White is the owner of Business Initiatives which provided accounting, taxation and financial controlling services during the reporting period. The amounts billed related to the provision of services during the period and totalled \$200,574 (2019: \$192,125) were based on normal market rates and were fully paid as of the reporting date. A significant portion of this \$200,574 related to services provided in respect of the prospectus and preparing the company for becoming a public company limited by shares.

There were no other transactions with key management personnel during the year.

24. Dividends

	2020 \$'000	2019 \$'000
Ordinary dividends declared during the year:		
Fully franked dividends (2020: \$nil per share) - (2019: \$0.38 per share)	-	680

Dividends in the current year	Period	Payment Date	Amount per security	Franked amount per security	Franked %	Franking Credit tax rate
Nil	-	-	-	-	-	-

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

Dividends in the prior year	Period	Payment Date	Amount per security	Franked amount per security	Franked %	Franking Credit tax rate
Interim dividend	31 Dec 2018	01 Jul 2018	\$0.008	\$0.008	100%	27.5%
Final dividend	30 Jun 2018	25 Jul 2018	\$0.112	\$0.112	100%	27.5%
Interim dividend	31 Dec 2018	28 Jul 2018	\$0.008	\$0.008	100%	27.5%
Interim dividend	31 Dec 2018	28 Aug 2018	\$0.008	\$0.008	100%	27.5%
Interim dividend	31 Dec 2018	28 Sep 2018	\$0.008	\$0.008	100%	27.5%
Interim dividend	31 Dec 2018	28 Oct 2018	\$0.008	\$0.008	100%	27.5%
Interim dividend	31 Dec 2018	28 Nov 2018	\$0.008	\$0.008	100%	27.5%
Interim dividend	31 Dec 2018	28 Dec 2018	\$0.008	\$0.008	100%	27.5%
Interim dividend	30 Jun 2019	28 Jan 2019	\$0.008	\$0.008	100%	27.5%
Interim dividend	30 Jun 2019	28 Feb 2019	\$0.008	\$0.008	100%	27.5%
Interim dividend	30 Jun 2019	28 Mar 2019	\$0.008	\$0.008	100%	27.5%
Interim dividend	30 Jun 2019	28 Apr 2019	\$0.168	\$0.168	100%	27.5%
Interim dividend	30 Jun 2019	01 May 2019	\$0.008	\$0.008	100%	27.5%
Interim dividend	30 Jun 2019	28 May 2019	\$0.008	\$0.008	100%	27.5%
Total dividends paid in the prior reporting period			\$0.381	\$0.381	100%	27.5%

Dividend franking account

	2020 \$'000	2019 \$'000
Franking credits available for future financial periods (tax paid basis, 27.5% tax rate)	741	233

The above amount represents the balance of the franking account at the end of the reporting period, adjusted for:

- Franking credits that will arise from the payment of any income tax payable at the end of the period;
- Franking debits that are expected to arise from any refundable income tax amount where the initial payment had given rise to a franking credit; and
- Franking debits that will arise from the payment of any provided at the end of the period.

Accounting policy

Dividends represent a distribution of profits that holders of ordinary receive from time to time. Where a dividend has been determined by the Board it is recognised with a corresponding reduction to the retained earnings when the dividend is paid.

Notes to the Consolidated Financial Statements continued...

25. Auditors remuneration

	2020 \$	2019 \$
Audit or review of financial statements - Grant Thornton		
Remuneration for audit or review of financial statements	46,461	25,000
Total audit or review remuneration	46,461	25,000
Other services - Grant Thornton		
Investigating accountant's report relating to IPO	26,000	-
Total other services remuneration	26,000	-
Total auditors' remuneration	72,461	25,000

The audit or review fee consists of:

- For 2020, this represents the review of the half year results (inaugural half year results as an ASX listed entity) and audit of the 2019 financial results under reduced disclosure reporting requirements given that Aerometrex was a private company.
- For 2019, this represents historical audits for 2017 and 2018 as required ahead of the IPO.

26. Commitments

	2020 \$'000	2019 \$'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payables:		
Property, plant and equipment	768	-
Total commitments	768	-

Capital commitments to property, plant and equipment are in relation to remaining payments due on the acquisition of aircraft and sensors. The progress payments made as at the reporting date have been included as 'capital work in progress' as outlined in Note 11 Property, plant and equipment.

27. Financial instrument risk

27.1. Financial risk management objectives

The Group's activities expose it to various financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's Board of Directors monitor these risks on an on-going basis with the primary focus on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group's financial assets include cash and cash equivalents, trade and other receivables.

The Group's financial liabilities include trade and other payables, deferred consideration and interest-bearing liabilities.

The Group does not actively engage in the trading of financial assets for speculative purposes.

27.2. Market risk

Market risk comprises foreign currency risk, price risk and interest rate risk.

Foreign currency risk

The Group undertakes certain transactions in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

Notes to the Consolidated Financial Statements continued...

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
US dollar	147	-	42	-
Total foreign currency	147	-	42	-

The Group has exposure to foreign currency risk upon consolidation of its foreign currency denominated entities, currently US (2019: nil). The currency impacted is US dollar. The impact on the Group's total comprehensive income is due to changes in the fair value of monetary assets and liabilities. Movements in foreign currency exchange rates will result in gains or losses being recognised because of the revaluation of balances. The Group's exposure of foreign currency is immaterial for the current reporting year.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from cash and cash equivalent assets and interest-bearing liabilities.

		Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
2020	Notes				
Financial assets					
Cash and cash equivalents	7	22,239	-	-	22,239
Trade and other receivables	8	-	-	2,512	2,512
		22,239	-	2,512	24,751

Financial liabilities					
Trade and other payables	13	-	-	4,267	4,267
Deferred consideration	17	-	-	750	750
Interest-bearing liabilities	15	2,021	1,110	-	3,131
		2,021	1,110	5,017	8,148

		Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
2019	Notes				
Financial assets					
Cash and cash equivalents	7	5,110	-	-	5,110
Trade and other receivables	8	-	-	2,759	2,759
		5,110	-	2,759	7,869

Financial liabilities					
Trade and other payables	13	-	-	1,103	1,103
Convertible Notes	15	-	5,080	-	5,080
Interest-bearing liabilities	15	2,141	4,411	-	6,552
		2,141	9,491	1,103	12,735

The Group's profit before tax is affected through the sensitivity to a reasonably possible change in interest rates on cash and equivalents and that portion of interest-bearing liabilities affected.

Notes to the Consolidated Financial Statements continued...

27.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities primarily through trade receivables and deposits with banks. Cash and cash equivalents are all maintained by banks with high credit ratings. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Trade receivables are reviewed on a regular basis to assess whether there is any impairment risk of a balance not being recoverable that would give rise to an expected credit loss. As at the reporting date, the assessment of impairment was nil. The assessment assumptions include recent sales experience and historical collection rates.

2020	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount	2,427	84	1	-	2,512
Expected credit loss	-	-	-	-	-

2019	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount	2,502	94	163	-	2,759
Expected credit loss	-	-	-	-	-

27.4. Liquidity risk

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following outlines the estimated and undiscounted contractual obligations of the respective financial liabilities for the year ended 30 June 2020 which may differ to the carrying values of the liabilities at the reporting date.

2020	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Total \$'000
Financial liabilities						
Trade and other payables	4,267	-	-	-	-	4,267
Deferred consideration	-	-	750	-	-	750
Financial liabilities	123	80	241	2,780	67	3,291

2019	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Total \$'000
Financial liabilities						
Trade and other payables	1,103	-	-	-	-	1,103
Deferred consideration	-	-	-	-	-	-
Financial liabilities	106	2,360	6,054	3,112	-	11,632

The following outlines the unused borrowing facilities available at the reporting date:

	2020 \$'000	2019 \$'000
Bank loans	3,741	-
Equipment line of credit	807	-
Unused borrowing facilities	4,548	-

27.5. Fair value measurement of financial instruments

The Group has assessed the carrying amounts of financial instruments and that they approximate their fair value.

28. Capital management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can maximise shareholder value. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The Group manages its capital structure and makes adjustments as required in light of changes in economic and market conditions.

29. Asset acquisition

On 20 May 2020, Aerometrex Limited acquired 100% of the ordinary shares of Spookfish Australia Pty Ltd for the total consideration of \$1,500,000. The acquisition was treated as an asset acquisition following consideration of the requirement of AASB3 - Business Combination and the lack of processes and outputs acquired. The acquisition included:

- An irrevocable and royalty-free licence to the aerial imagery datasets in Australia, and
- Customer contracts

This is a subscription business that has been merged with the existing MetroMap division of Aerometrex with the benefits of the acquisition being the customer contracts and the dataset archive which further expands the MetroMap offering.

Deferred consideration for the acquisition is detailed in Note 17 Other Liabilities.

Details of the acquisition are as follows:

	Note	2020 \$'000 Fair Value
Rights to historical datasets		1,198
Contractual rights - customer contracts		363
Acquisition date fair value of the consideration transferred		1,561
Representing:		
Cash paid to vendor		750
Deferred consideration	17	750
Cash paid or payable in relation to acquisition costs		61
Total cash used		1,561

Notes to the Consolidated Financial Statements continued...

30. Reconciliation of profit after income tax to net cash flow from operating activities

	2020 \$'000	2019 \$'000
Profit / (Loss) for the year after income tax	(293)	2,562
Depreciation and amortisation	2,111	1,502
Amortisation	1,677	479
Non-cash share based payments	363	-
Non-cash interest payments on convertible notes	177	-
Other non-cash items	(50)	(223)
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	247	101
(Increase) / decrease in contract assets	713	(479)
(Increase) / decrease in prepayments and other current assets	(362)	(97)
(Increase) / decrease in deferred tax assets	(1,069)	(124)
Increase / (decrease) in trade payables	3,164	639
Increase / (decrease) in contract liabilities	812	384
Increase / (decrease) in employee entitlements	469	236
Increase / (decrease) in tax liabilities	(293)	(260)
Increase / (decrease) in deferred tax liabilities	497	139
Net cash flows from operating activities	8,163	5,095

31. Contingent liabilities

The Group has bank guarantees totalling \$10,467 held with Westpac as at 30 June 2020 (2019: \$76,000). There are no other contingent liabilities recorded as at reporting date.

32. Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst the Group has not experienced any significant impact up to 30 June 2020, the ongoing economic uncertainties makes it difficult to estimate the potential impact, positive or negative, after the reporting date. Various Australian state governments have imposed state border restrictions which may include the need to quarantine for fourteen days where employees are returning from an area / state deemed to be a COVID-19 hotspot. The Company continues to work with various state authorities in relation to movement of staff around the country to maintain capture programs.

There were no other significant events between the balance date and the date that these financial statements were approved for release.

33. Parent entity information

Information relating to Aerometrex Limited (the Parent Entity):

	2020 \$'000	2019 \$'000
Statement of financial position		
Current assets	25,643	8,869
Total assets	46,614	18,702
Current liabilities	7,523	8,915
Total liabilities	10,038	13,274
Net assets	36,576	5,428
Issued capital	32,921	2,377
Share based payments reserve	487	-
Retained earnings	3,168	3,051
Total equity	36,576	5,428
Statement of profit or loss and other comprehensive income		
Profit for the year	211	2,722
Other comprehensive income	-	-
Total comprehensive income	211	2,722

Guarantees entered into by the parent entity in relation to debts of its subsidiaries

As at 30 June 2020, Aerometrex Limited did not have any guarantees in relation to the debts of subsidiaries.

Contingent liabilities of the parent entity

Contingent liabilities detailed in Notes 17 and 31 relate to the parent entity.

Contractual commitments for the acquisition of property, plant and equipment

Contractual commitments detailed in Note 26 relate to the parent entity.

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost. Dividends received from subsidiaries are recognised in the profit or loss when a right to receive the dividend is established, provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be reliably measured.

Tax consolidation legislation

Aerometrex Limited and its wholly owned Australian controlled entities are members of a tax-consolidated group under Australian tax law. The company is the head entity within the consolidated tax group. In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities and assets and deferred tax assets and liabilities or tax credits of members of the consolidated tax group.

The head entity, Aerometrex Limited, and the controlled entities in the consolidated Group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidated group continued to be a stand-alone taxpayer in its own right.

The entities have entered into a tax funding agreement under which the wholly owned entities fully compensate Aerometrex Limited for any current tax payable assumed and are compensated by Aerometrex Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aerometrex Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidation entities.

34. Subsidiary information

Name of the entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group	
		2020	2019
Atlass- Aerometrex Pty Ltd	Australia	100%	100%
Aerometrex Ltd	USA	100%	100%
MetroMap Pty Ltd	Australia	100%	100%
AMX LAMS Pty Ltd	Australia	100%	100%
AMX Capital Pty Ltd <AMX Capital Trust>	Australia	64.4%	64.4%
SpookFish Australia Pty Ltd (Acquired 20 May 2020)	Australia	100%	-

Director’s Declaration

In accordance with a resolution of the Directors of Aerometrex Limited, I state that:

1. In the opinion of the Directors:
- (a) the financial statements and notes of Aerometrex Limited for the financial year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group’s financial position as at 30 June 2020 and of its performance for the year ended on that date; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

On behalf of the directors



Mark Lindh
Chair of the Board



Mark Deuter
Managing Director

28 September 2020



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Independent Auditor’s Report

To the Members of Aerometrex Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Aerometrex Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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.

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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
Revenue recognition of project work – Note 5	
A substantial amount of the Group’s revenue relates to revenue from the rendering of services for projects. Where certain contracts have a long-term duration, the Group’s policy specifies revenue and margin can be recognised based on the performance obligation milestones of the individual contracts.	Our procedures included, amongst others: <ul style="list-style-type: none">• Documenting our understanding controls over the process to enter into, record and process revenue from long-term contracts• Assessed the Group revenue recognition accounting policies to ensure they are in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>;• Selected a sample of revenue contracts for testing based on a number of quantitative and qualitative factors and:<ul style="list-style-type: none">– Read the contract terms and conditions to evaluate how the individual characteristics of each contract were reflected in the contract profitability estimate;– Assessed the Group’s ability to forecast margins on contracts by analysing the accuracy of previous margin forecasts to actual outcomes.• Assessed the adequacy of revenue recognition policies adopted by the Group to ensure that they are in line with Australian Accounting Standards; and• Assessed the adequacy of the Group’s disclosures within the financial statements.
Intangible Assets Capitalised Data Sets Note 12	
The Group capitalises costs in relation to the development and update of datasets. The determination of the useful lives of these datasets is based on critical estimates and judgements made by management.	Our procedures included, amongst others: <ul style="list-style-type: none">• Developed an understanding of the accounting policies and useful lives used by the Group in the amortisation of capture costs;• Assessed the appropriateness of capitalisation of costs in accordance with AASB 138 <i>Intangible Assets</i>;• Evaluated the Group’s historical data set requests by testing a sample of requests to actual usage dates;• Recalculated the amortisation expense for capture costs for consistency with the Group’s accounting policy and stated amortisation rates; and• Assessed the adequacy of the disclosures made in the financial statements relating to the estimates and judgements made.



Acquisition of Spookfish Pty Ltd Notes 12, 29

During the year ended 30 June 2020 the group acquired 100% of the shares in Spookfish Pty Ltd.	Our procedures included, amongst others:
The acquisition of Spookfish Pty Ltd was considered a key audit matter due to the size of the acquisition, the complexities inherent in identifying and determining the fair value of assets acquired as well as determination of the total consideration paid / payable.	<ul style="list-style-type: none">Obtained management's assessment of the transaction and assessed whether the transaction should be treated as an asset acquisition or business combination, in accordance with Australian Accounting Standards.
Given the level of estimation used by management in the acquisition, we have considered this a key audit matter.	<ul style="list-style-type: none">Read the relevant purchase agreement to identify consideration and deferred consideration components;Reviewed management's assessment of the assets acquired through the transaction and the value attributed to the assets;Assessed the adequacy of the Group's disclosures within the financial statements.

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 2020, 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: https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.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 the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Aerometrex Ltd, for the year ended 30 June 2020 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

J.L. Humphrey
Partner – Audit & Assurance
Adelaide, 28 September 2020

Shareholder Information

Ordinary share capital

94,400,000 fully paid ordinary shares are held by 2,780 individual shareholders. All ordinary shares carry one vote per share.

Range of Units as at 16 Sep 2020

Range	Total holders	Units	% Units
1 - 1,000	542	331,396	0.35
1,001 - 5,000	1,174	3,682,075	3.9
5,001 - 10,000	535	4,290,606	4.55
10,001 - 100,000	495	12,609,905	13.36
100,001 over	34	73,486,018	77.85
Rounding			-0.01
Total			100

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500 parcel at \$1.30 per unit	385	116	27,873

Shares under escrow

60,200,000 full paid ordinary shares escrowed to 10 December 2020.

Options

	2020 Options
Non-executive directors	1,000,000
Lead manager and underwriter	944,000
Employees via ESOP	2,555,000
Total options issued at 30 June	4,499,000

Options do not carry a right to vote.

Top 20 Shareholders

Rank	Name	Balance as at 16 Sep 2020	% Units
1	199 INVESTMENT PTY LTD <199 INVESTMENT A/C>	12,113,824	12.83
2	MARK JOHN DEUTER + LYNETTE GWYNEDD DEUTER <DEUTER FAMILY A/C>	11,400,865	12.08
3	DAIJ PTY LTD <BYRNE FAMILY A/C>	8,583,850	9.09
4	SCOTT TOMLINSON <THE TOMLINSON FAMILY A/C>	8,362,230	8.86
5	BEATA MARIA SERAFIN + WOJCIECH MISIARA <SERAFIN MISIARA FAMILY A/C>	6,660,999	7.06
6	NATIONAL NOMINEES LIMITED	5,129,105	5.43
7	MRS MARGARET CAROLYN DARLEY <W&M PROPERTY A/C>	4,935,566	5.23
8	TODD ANTHONY DUNOW + JANE REBECCA SWINTON <DUNOW FAMILY A/C>	3,425,181	3.63
9	CITICORP NOMINEES PTY LIMITED	2,735,265	2.90
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,626,691	1.72
11	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,101,381	1.17
12	MR WARREN DARLEY + MARGARET DARLEY <DARLEY SUPER FUND A/C>	1,083,427	1.15
13	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	976,548	1.03
14	NATIONAL NOMINEES LIMITED	722,857	0.77
15	NATHAN WILLIAM MICHAEL	649,388	0.69
16	KATALIN GARAMI + PETER PAP	568,088	0.60
17	ALBERTO ZANIOLO + JOANNA STEFANIA DZIOLAK	473,407	0.50
18	JEREMY POLLARD	421,330	0.45
19	FABRICE MARRE	252,798	0.27
20	BNP PARIBAS NOMINEES PTY LTD <IOOF INSMT MGMT LTD DRP>	250,000	0.26
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		71,472,800	75.71
Total Remaining Holders Balance		22,927,200	24.29

Substantial shareholders

The following table shows holdings of five percent or more of voting rights in Aerometrex Limited's shares as notified to Aerometrex Limited under the Australian Corporations Act 2001, Section 671B as at 16 September 2020.

Name	Number Held	% of Issued Capital
MATTHEW WHITE	12,113,824	12.83%
MARK DEUTER	11,400,865	12.08%
DAVID BYRNE	8,583,850	9.09%
SCOTT TOMLINSON	8,362,230	8.86%
PERENNIAL VALUE MANAGEMENT LIMITED	7,268,855	7.70%
BEATA MARIA SERAFIN + WOJCIECH MISIARA	6,660,999	7.06%
MARGARET DARLEY	4,935,566	5.23%

Corporate Information

Company	Aerometrex Limited	
Registered Office	51-53 Glynburn Road GLYNDE SA 5070 +61 8362 9911	
ABN	94 153 103 925	
ACN	153 103 925	
Internet Address	www.aerometrex.com.au	
ASX Code	AMX	
Directors	Mark Lindh	Independent Non-Executive Director, Chair
	Mark Deuter	Managing Director
	Matthew White	Non-Executive Director
	Peter Foster	Independent Non-Executive Director
	David Byrne	Chief Operating Officer
Company Secretary	Kaitlin Smith	
Auditor	Grant Thornton Audit Pty Ltd	
Share Registrar	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide SA 5000 GPO Box 2975 Melbourne VIC 3001 Telephone: 1300 556 161	



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