# Sensera Limited
# Appendix 4E
# Preliminary Final Report
# Year ended 30 June 2018

| | |
|---|---|
| Name of entity: | **Sensera Limited** |
| ABN or equivalent company reference: | **73 613 509 041** |
| Current financial period: | **30 June 2018** |
| Corresponding financial period: | **30 June 2017** |

**Results for announcement to the market**

| | | | | US$ |
|---|---|---|---|---|
| Revenue from ordinary activities | Up | 420.6% | to | 6,350,106 |
| Net loss after tax (from ordinary activities) for the period attributable to members | Up | 28.9% | to | 6,874,539 |
| Net loss after tax for the period attributable to members | Up | 28.9% | to | 6,874,539 |

**Distributions**

| | **30 June 2018 US Cents** | 30 June 2017 US Cents |
|---|---|---|
| Net tangible asset backing (per share) | **(0.05)** | 4.09 |
| Net asset backing (per share) | **(0.05)** | 4.10 |

**Explanation of results**

Revenue for the current financial period increased by 420.6% compared to the corresponding financial period representing (i) the growth of revenue generated from the U.S operations of approximately 60% and (ii) the additional revenue contributed to the group from the newly acquired business in nanotron Technologies Gmbh of approximately US$4.4 million. Expenditure for the current financial period has also increased by more than twice as compared to the corresponding financial period as the group more than doubled resources due to the nanotron acquisition.

**Changes in controlled entities**

During the current reporting period, the group acquired 100% equity interest in nanotron Techologies Gmbh. There were no other changes in controlled entities.

**Other information required by Listing Rule 4.3A**

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

**Audit**

The financial statements accompanying this Appendix 4E have not been audited. The audit process is currently taking place and it is likely that the independent audit report will include a paragraph regarding a material uncertainty in relation to going concern.

**Sensera Limited**
**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2018**

| | Notes | **30 June 2018 US$** | 30 June 2017 US$ |
|---|---|---|---|
| Revenue | 1 | **6,350,106** | 1,219,788 |
| Cost of sales | | **(3,172,302)** | (1,534,292) |
| **Gross loss** | | **3,177,804** | (314,504) |
| Other income | | **59,069** | 1,755 |
| **Other expenses from ordinary activities** | | | |
| Selling and marketing | 2 | **(410,364)** | (344,251) |
| General and administration | 2 | **(8,462,441)** | (4,044,779) |
| Internal research and development | 2 | **(1,238,607)** | (630,015) |
| **Loss before income tax** | | **(6,874,539)** | (5,331,794) |
| Income tax expense | | **-** | - |
| **Loss for the period** | | **(6,874,539)** | (5,331,794) |
| **Other comprehensive income** | | | |
| ***Items that may subsequently be reclassified to profit or loss:*** | | | |
| Exchange differences on translation of foreign operations | 6(b) | **(141,036)** | 309,101 |
| **Total comprehensive loss for the period** | | **(7,015,575)** | (5,022,693) |
| | | **US Cents** | Cents |
| **Loss per share for loss attributable to the ordinary equity holders of the Company:** | | | |
| Basic loss per share | 3 | **4.6** | 5.7 |
| Diluted loss per share | 3 | **4.6** | 5.7 |

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

| | Notes | **30 June 2018 US$** | 30 June 2017 US$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | **2,033,985** | 4,049,772 |
| Trade and other receivables | 4 | **977,264** | 100,813 |
| Inventories | | **447,696** | 356,491 |
| Other current assets | | **749,748** | 89,063 |
| **Total current assets** | | **4,208,693** | 4,596,139 |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **780,869** | 806,666 |
| Intangible assets | 5 | **8,131,198** | 11,945 |
| **Total non-current assets** | | **8,912,067** | 818,611 |
| **Total assets** | | **13,120,760** | 5,414,750 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 4 | **3,695,445** | 374,435 |
| Employee benefit obligations | | **83,547** | 30,860 |
| Provisions | | **472,460** | - |
| Deferred revenue | | **823,550** | - |
| **Total current liabilities** | | **5,075,002** | 405,295 |
| **Total liabilities** | | **5,075,002** | 405,295 |
| **Net assets** | | **8,045,758** | 5,009,455 |
| **EQUITY** | | | |
| Contributed equity | 6 | **20,247,898** | 10,793,542 |
| Reserves | 6 | **4,193** | (452,293) |
| Accumulated losses | | **(12,206,333)** | (5,331,794) |
| **Total equity** | | **8,045,758** | 5,009,455 |

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

| | Notes | Contributed equity US$ | Reserves US$ | Accumulated losses US$ | Total US$ |
|---|---|---|---|---|---|
| **Balance at 1 July 2016** | | - | - | - | - |
| Loss for the period | | - | - | (5,331,794) | (5,331,794) |
| Other comprehensive income | | - | 309,101 | - | 309,101 |
| **Total comprehensive income for the period** | | **-** | **309,101** | **(5,331,794)** | **(5,022,693)** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Contributions of equity, net of transaction costs and tax | | 10,793,542 | - | - | 10,793,542 |
| Common control reserve | | - | (1,208,466) | - | (1,208,466) |
| Options issued | | - | 447,072 | - | 447,072 |
| **Balance at 30 June 2017** | | **10,793,542** | **(452,293)** | **(5,331,794)** | **5,009,455** |
| Loss for the period | | - | - | (6,874,539) | (6,874,539) |
| Other comprehensive income | | - | (141,036) | - | (141,036) |
| **Total comprehensive income for the period** | | **-** | **(141,036)** | **(6,874,539)** | **(7,015,575)** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Contributions of equity, net of transaction costs and tax | | 9,454,356 | - | - | 9,454,356 |
| Options issued | | - | 597,522 | - | 597,522 |
| **Balance at 30 June 2018** | | **20,247,898** | **4,193** | **(12,206,333)** | **8,045,758** |

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

**Sensera Limited**
**Consolidated statement of cash flows**
**For the year ended 30 June 2018**

| | **30 June 2018 US$** | 30 June 2017 US$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | **5,401,298** | 512,246 |
| Payments to suppliers and employees | **(11,298,177)** | (4,983,129) |
| Interest received | **-** | 1,754 |
| **Net cash outflow from operating activities** | **(5,896,879)** | (4,469,129) |
| **Cash flows from investing activities** | | |
| Payments for acquisition of subsidiary, net of cash acquired | **(4,195,306)** | - |
| Payments for property, plant and equipment and other assets | **(1,321,551)** | (857,474) |
| Proceeds from sale of property, plant and equipment | **1,111,634** | - |
| **Net cash outflow from investing activities** | **(4,405,223)** | (857,474) |
| **Cash flows from financing activities** | | |
| Proceeds from issues of shares and other equity securities | **8,937,740** | 9,869,784 |
| Transaction costs related to issue of shares | **(558,226)** | (802,510) |
| **Net cash inflow from financing activities** | **8,379,514** | 9,067,274 |
| **Net (decrease) increase in cash and cash equivalents** | **(1,922,588)** | 3,740,671 |
| Cash and cash equivalents at the beginning of the financial period | **4,049,772** | - |
| Effects of exchange rate changes on cash and cash equivalents | **(93,199)** | 309,101 |
| **Cash and cash equivalents at end of period** | **2,033,985** | 4,049,772 |

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

## 1 Revenue

The Group derives the following types of revenue:

| | **30 June 2018 US$** | 30 June 2017 US$ |
|---|---|---|
| Sale of goods | **4,400,511** | 312,846 |
| Services | **1,949,595** | 906,942 |
| | **6,350,106** | 1,219,788 |

### (a) Recognising revenue from major business activities

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

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

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

*(i) Sale of goods*

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

*(ii) Provision of services*

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

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

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

### (b) Critical judgements in calculating amounts

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

## 2 Other operating income and expense items

| | 30 June 2018 US$ | 30 June 2017 US$ |
|---|---|---|
| Employee related expenses | **307,504** | 270,235 |
| Materials and consumables used | **2,496,156** | 877,820 |
| Other costs | **368,642** | 386,237 |
| **Cost of sales** | **3,172,302** | 1,534,292 |
| | | |
| Marketing consultants | **272,997** | 272,705 |
| Travelling expenses | **123,453** | 57,820 |
| Business development expenses | **13,914** | 13,726 |
| **Selling and marketing** | **410,364** | 344,251 |
| | | |
| Employee related expenses | **4,420,479** | 1,628,673 |
| Rent and occupancy costs | **894,142** | 556,399 |
| Accounting, audit, legal and taxation expenses | **405,153** | 293,015 |
| Investor relations expenses | **279,113** | 503,994 |
| Other consulting expenses | **785,991** | 475,499 |
| Insurance expenses | **92,496** | 45,534 |
| Depreciation expenses | **688,474** | 50,808 |
| Other expenses | **896,593** | 490,857 |
| **General and administration** | **8,462,441** | 4,044,779 |
| | | |
| Internal research and development | **1,238,607** | 630,015 |
| **Internal research and development** | **1,238,607** | 630,015 |
| | | |
| **Total cost of sales and other operating expenses** | **13,283,714** | **6,553,337** |

## 3 Loss per share

### (a) Basic loss per share

| | 30 June 2018 US Cents | 30 June 2017 Cents |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the company | **4.6** | 5.7 |
| Total basic earnings per share attributable to the ordinary equity holders of the Company | **4.6** | 5.7 |

### (b) Diluted loss per share

| | 30 June 2018 US Cents | 30 June 2017 Cents |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the company | **4.6** | 5.7 |
| Total diluted earnings per share attributable to the ordinary equity holders of the Company | **4.6** | 5.7 |

## 3 Loss per share (continued)

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

| | 30 June 2018 US$ | 30 June 2017 US$ |
|---|---|---|
| *Basic loss per share* | | |
| Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share: | **6,874,539** | 5,331,794 |
| | **-** | - |
| *Diluted loss per share* | | |
| Loss from continuing operations attributable to the ordinary equity holders of the Company | | |
| Used in calculating basic loss per share | **6,874,539** | 5,331,794 |

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

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

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

## 4 Financial assets and financial liabilities

### (a) Trade and other receivables

| | **30 June 2018** | | | 30 June 2017 | | |
|---|---|---|---|---|---|---|
| | **Current US$** | **Non-current US$** | **Total US$** | Current US$ | Non-current US$ | Total US$ |
| Trade receivables | **987,938** | **-** | **987,938** | 63,270 | - | 63,270 |
| Other receivables | **10,257** | **-** | **10,257** | 64,043 | - | 64,043 |
| Provision for impairment of receivables | **(20,931)** | **-** | **(20,931)** | (26,500) | - | (26,500) |
| | **977,264** | **-** | **977,264** | 100,813 | - | 100,813 |

## 4 Financial assets and financial liabilities (continued)

### (b) Cash and cash equivalents

| | 30 June 2018 US$ | 30 June 2017 US$ |
|---|---|---|
| **Current assets** | | |
| Cash at bank and in hand | **2,033,985** | 4,049,772 |

### (c) Trade and other payables

| | 30 June 2018 US$ | 30 June 2017 US$ |
|---|---|---|
| **Current liabilities** | | |
| Trade payables | **826,078** | 156,368 |
| Accrued expenses | **2,514,597** | 218,067 |
| Other payables | **354,770** | - |
| | **3,695,445** | 374,435 |

## 5 Non-financial assets and liabilities

### (a) Property, plant and equipment

| | R&D equipment US$ | Furniture and fixtures US$ | Leasehold improvements US$ | Other fixed assets US$ | Total US$ |
|---|---|---|---|---|---|
| **At 1 July 2017** | | | | | |
| Cost or fair value | 780,904 | 20,765 | 35,146 | 20,659 | 857,474 |
| Accumulated depreciation | (45,026) | (863) | (979) | (3,940) | (50,808) |
| Net book amount | 735,878 | 19,902 | 34,167 | 16,719 | 806,666 |
| **Period ended 30 June 2018** | | | | | |
| Opening net book amount | 735,878 | 19,902 | 34,167 | 16,719 | 806,666 |
| Exchange differences | - | - | - | 225 | 225 |
| Increase from business combination | - | - | - | 25,881 | 25,881 |
| Additions | 621,930 | - | 25,148 | 618,911 | 1,265,989 |
| Disposals | (1,036,809) | - | - | - | (1,036,809) |
| Depreciation charge | (178,929) | (4,153) | (9,627) | (88,374) | (281,083) |
| Closing net book amount | 142,070 | 15,749 | 49,688 | 573,362 | 780,869 |
| **At 30 June 2018** | | | | | |
| Cost | 159,306 | 21,804 | 67,405 | 580,185 | 828,700 |
| Accumulated depreciation | (17,237) | (5,016) | (10,606) | (14,972) | (47,831) |
| Net book amount | 142,069 | 16,788 | 56,799 | 565,213 | 780,869 |

## 5 Non-financial assets and liabilities (continued)

### (b) Intangible assets

| **Non-current assets** | **Goodwill US$** | **Patents, trademarks and others US$** | **Total US$** |
|---|---|---|---|
| **Year ended 30 June 2018** | | | |
| Opening net book amount | - | 11,945 | 11,945 |
| Additions | - | 55,563 | 55,563 |
| Acquisition of business | 5,045,975 | 3,473,167 | 8,519,142 |
| Exchange differences | - | (48,061) | (48,061) |
| Amortisation charge | - | (407,391) | (407,391) |
| Closing net book amount | 5,045,975 | 3,085,223 | 8,131,198 |

## 6 Equity

### (a) Contributed equity

| | Notes | **30 June 2018 No. of Shares** | 30 June 2017 Shares | **30 June 2018 US$** | 30 June 2017 US$ |
|---|---|---|---|---|---|
| Ordinary shares | | | | | |
| Ordinary shares - fully paid | 6(a)(i), 6(a)(ii) | **163,971,878** | 122,100,000 | **20,247,898** | 10,793,542 |
| **Total contributed equity** | | **163,971,878** | **122,100,000** | **20,247,898** | **10,793,542** |

*(i) Movements in ordinary share:*

| | | |
|---|---|---|
| Opening balance 1 July 2017 | 122,100,000 | 10,793,542 |
| Issue of ordinary shares to sophisticated and professional investors | 14,330,000 | 3,637,588 |
| Less: transaction costs | - | (257,620) |
| Issue of ordinary shares to sophisticated and professional investors | 23,333,333 | 5,300,152 |
| Less: transaction costs | - | (300,606) |
| Commitment to issue ordinary shares to nanotron vendors as part of the 2nd instalment | 3,975,952 | 1,009,273 |
| Issue of shares to a consultant for service rendered | 100,000 | 28,190 |
| Issue of shares to a consultant for service rendered | 92,593 | 26,103 |
| Issue of shares to a consultant for service rendered | 40,000 | 11,276 |
| **Balance 30 June 2018** | **163,971,878** | **20,247,898** |

*(ii) Ordinary shares*

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

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

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

## 6 Equity (continued)

### (b) Reserves

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

| | Common control reserve US$ | Share- based payments US$ | Foreign currency translation US$ | Total US$ |
|---|---|---|---|---|
| Balance at 1 July 2017 | (1,208,466) | 447,072 | 309,101 | (452,293) |
| Currency translation differences in current period | - | - | (141,035) | (141,035) |
| Share-based payment expenses | - | 597,522 | - | 597,522 |
| | - | - | - | - |
| **At 30 June 2018** | **(1,208,466)** | **1,044,594** | **168,066** | **4,193** |

*(i) Common control reserve*

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

*(ii) Share-based payments*

The share-based payments reserve is used to recognise:
- the grant date fair value of options issued to employees and consultants but not exercised
- the grant date fair value of shares issued to employees and consultants
- the grant date fair value of deferred shares granted to employees and consultants but not yet vested

| **Details** | **Number of options** | **US$** |
|---|---|---|
| Options issued | 3,000,000 | 447,072 |
| Balance 1 July 2017 | 3,000,000 | 447,072 |
| Issue of options to CEO as part of remuneration | 3,000,000 | 147,947 |
| Issue of options to consultants | 1,500,000 | 156,668 |
| Issue of options to consultants | 1,500,000 | 292,907 |
| Balance 30 June 2018 | 9,000,000 | 1,044,594 |

During the period, the Group issued the following options to its consultants.

| **Date** | **Details** | **No.** | **Fair value per option US$** | **Total fair value US$** |
|---|---|---|---|---|
| 30-Nov-17 | Issue of options to CEO as part of remuneration | 3,000,000 | 0.049 | 147,947 |
| 8-Dec-17 | Issue of options to consultants | 1,500,000 | 0.104 | 156,668 |
| 15-Jun-18 | Issue of options to consultants | 1,500,000 | 0.398 | 292,907 |
| | | **6,000,000** | | **597,522** |

*(iii) Foreign currency translation*

Recognises foreign exchange differences arising from the translation of domestic operations into US$.

## 7 Critical estimates, judgements and errors

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

### (a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of revenue relating the the provision of services - see note 1(b) for further details.
- Valuation of share-based payment expense - the value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares.

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

## 8 Contingent liabilities and contingent assets

The Group had no contingent liabilities at 30 June 2018.

## 9 Summary of significant accounting policies

### (a) Basis of preparation

This preliminary financial report has been prepared in accordance with the accounting policies as disclosed within this report. Sensera Limited is a for-profit entity for the purpose of preparing the financial statements.

*(i) Historical cost convention*

This preliminary financial report has been prepared under the historical cost basis.

(ii) *New standards and interpretations not yet adopted*

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

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## 9 Summary of significant accounting policies (continued)

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

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

# 9 Summary of significant accounting policies (continued)

## (b) Principles of consolidation

*(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The "pooling method" of accounting is used to account for common control business combinations by the Group.

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

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

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

## (c) Foreign currency translation

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements is presented in US dollars (US$), which is Sensera Limited's functional and presentation currency.

*(ii) Transactions and balances*

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

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

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

## 9 Summary of significant accounting policies (continued)

*(iii) Group companies*

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

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

### (d) Cash and cash equivalents

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

### (e) Trade receivables

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

### (f) Property, plant and equipment

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

## 9 Summary of significant accounting policies (continued)

### (g) Trade and other payables

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

### (h) Contributed equity

Ordinary shares are classified as equity.

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

### (i) Loss per share

*(i) Basic loss per share*

Basic loss per share is calculated by dividing:

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

*(ii) Diluted loss per share*

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

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