

SenSen Networks Pty Ltd.

ABN: 38 115 838 036

Financial Report

For the Year Ended 30 June 2016

And the Year Ended 30 June 2015

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SenSen Networks Pty Ltd and Controlled Entity

DIRECTORS' REPORT

Your directors present their report on the consolidated group for the financial year ended 30 June 2016.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Subhash Challa

William Moran

Zenon Pasieczny

Satish Gupta

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the consolidated group for the financial year after providing for income tax amounted to \$602,912.

Significant Changes in the State of Affairs

No significant changes in the consolidated group's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year were to develop and sell SenDISA platform based products and services into 2 major market segments:

- Intelligent Transportation: civic compliance, traffic data and law enforcement solutions to city councils, national parks, road authorities and transit agencies across the globe.
- Casinos: delivering accurate actionable insights about table occupancy, hands per hour, bet type and value for every bet placed on the gaming floor.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends was paid or declared during the year.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

**SenSen Networks Pty Ltd
and Controlled Entity**

DIRECTORS' REPORT

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director



Subhash Challa

Dated this 20th day of July 2017

**SenSen Networks Pty Ltd
and Controlled Entity**



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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
SENSEN NETWORKS PTY LTD**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001**

DECLARATION OF INDEPENDENCE BY M CUTRI TO DIRECTORS OF SENSEN NETWORKS PTY LTD

As lead auditor of SenSen Networks Pty Ltd for the year ended 30 June 2016 and the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SenSen Networks Pty Ltd and the entities it controlled during the year.

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 20 July 2017

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**SenSen Networks Pty Ltd
and Controlled Entity**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015**

	Note	Consolidated Group	
		2016	2015
		\$	\$
Sales revenue	3	1,108,589	418,588
Cost of sales		(377,419)	(514,388)
Gross profit		<u>731,170</u>	<u>(95,800)</u>
Other income	3	1,020,249	924,501
Interest income		1,166	3,358
Consulting expense		(930,207)	(1,181,350)
Employee benefits expense		(847,584)	(2,076,149)
Occupancy expense		(98,341)	(108,530)
Marketing expense		(168,111)	(201,933)
Administration expense		(60,966)	(64,008)
Depreciation and amortisation expense		(27,723)	(18,542)
Finance costs	4a	(87,510)	(107,740)
Other expenses		(135,055)	(147,653)
Loss before income tax		(602,912)	(3,073,846)
Tax (expense) income	5a	-	-
Loss for the year		(602,912)	(3,073,846)
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		(602,912)	(3,073,846)
Profit attributable to:			
Members of the parent entity		(602,912)	(3,073,846)
Total comprehensive income attributable to:			
Members of the parent entity		(602,912)	(3,073,846)

The accompanying notes form part of these financial statements.

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**SenSen Networks Pty Ltd
and Controlled Entity**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 AND 30 JUNE 2015**

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	54,620	68,987
Trade and other receivables	7	281,107	405,575
Inventories	8	15,000	15,000
Other assets	9	13,584	4,943
TOTAL CURRENT ASSETS		364,311	494,505
NON-CURRENT ASSETS			
Other assets	10	24,950	35,221
Investments	11	2,982	2,982
Plant and equipment	13	121,360	35,182
TOTAL NON-CURRENT ASSETS		149,292	73,385
TOTAL ASSETS		513,603	567,890
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,665,023	1,347,107
Borrowings	15	1,435,323	1,204,614
TOTAL CURRENT LIABILITIES		3,100,346	2,551,721
NON-CURRENT LIABILITIES			
Borrowings	15	500,000	500,000
TOTAL NON-CURRENT LIABILITIES		500,000	500,000
TOTAL LIABILITIES		3,600,346	3,051,721
NET ASSETS		(3,086,743)	(2,483,831)
EQUITY			
Issued capital		12,775,283	12,775,283
Accumulated		(15,862,026)	(15,259,114)
TOTAL EQUITY		(3,086,743)	(2,483,831)

The accompanying notes form part of these financial statements.

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**SenSen Networks Pty Ltd
and Controlled Entity**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

	Note	Ordinary	(Accumulated Losses)	Total
		\$	\$	\$
Consolidated Group				
Balance at 1 July 2014		10,395,145	(12,185,286)	(1,790,123)
Loss for the year		-	(3,073,846)	(3,073,846)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the parent entity		-	(3,073,846)	(3,073,846)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the year	16	2,380,138	-	2,380,138
Total transactions with owners and other transfers		2,380,138	-	2,380,138
Balance at 30 June 2015		12,775,283	(15,259,114)	(2,483,831)
Balance at 1 July 2015		12,775,238	(15,259,114)	(2,483,831)
Loss for the year		-	(602,912)	(602,912)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the parent entity		-	(602,912)	(602,912)
Balance at 30 June 2016		12,775,238	(15,862,026)	(3,086,743)

The accompanying notes form part of these financial statements.

**SenSen Networks Pty Ltd
and Controlled Entity**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016
AND THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,233,057	1,182,390
Payments to suppliers and employees		(1,281,108)	(2,526,520)
Interest received		1,166	3,358
Finance costs		(87,510)	(107,740)
Net cash provided by operating activities	19	<u>(134,395)</u>	<u>(1,448,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(110,681)	(11,725)
Loan repayments received from related parties			
Net cash (used in)/provided by investing activities		<u>(110,681)</u>	<u>(11,725)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,510,588
Proceeds from borrowings		63,515	65,964
Net cash provided by/(used in) financing activities		<u>63,515</u>	<u>1,576,552</u>
Net increase in cash held		(181,561)	116,315
Cash and cash equivalents at beginning of financial year		25,742	(90,573)
Cash and cash equivalents at end of financial year	6	<u><u>(155,819)</u></u>	<u><u>25,742</u></u>

The accompanying notes form part of these financial statements.

SenSen Networks Pty Ltd and Controlled Entity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent SenSen Networks Pty Ltd and Controlled Entity (the “consolidated group” or “group”). SenSen Networks Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity SenSen Networks Pty Ltd, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 20 July 2017 by the directors of the company.

Basis of Preparation

The Directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going concern

The Group’s financial statements have been prepared and presented on a basis assuming it continues as a going concern.

For the year ending 30 June 2016 the Group incurred a loss after income tax of \$602,812 (2015: loss of 3,073,846) and had net liabilities of \$3,086,743 (2015: net liabilities of \$2,483,831).

Whilst the directors have instituted measures to preserve cash and secure additional finance as described below, these circumstances create material uncertainties over future trading results and cash flows that may cast significant doubt on the Group’s ability to continue as a going concern. The Group’s ability to continue as a going concern is dependent on one or more of the following:

- continued sales;
- continued financial support from directors and existing creditors;
- ability to raise additional capital;
- ability to settle current liabilities with equity.

As a result of the above, significant doubt is cast on the Group’s ability to continue as a going concern. The Directors reasonable expectations are, the progress of placing additional shares available by way of a raising and if required obtaining loan funds from the Directors as in the past will provide the Group with sufficient funds to enable the Group to continue as a going concern until a key milestone event is completed.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of SenSen Networks Pty Ltd and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

**SenSen Networks Pty Ltd
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Fair Value of Assets and Liabilities (Continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

e. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10%-33.3%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**SenSen Networks Pty Ltd
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**SenSen Networks Pty Ltd
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

**SenSen Networks Pty Ltd
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

m. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. Employee Benefits

The liability for employee benefit obligations relates to government-mandated annual leave, superannuation and long service leave payments. Employee benefits have been measured at the amounts expected to be paid when the liability is settled at the current pay rates plus any related on-costs. Any superannuation contributions that are unpaid at the end of the reporting period are classified as accrued expenses.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

r. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment - general

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**SenSen Networks Pty Ltd
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. **New Accounting Standards for Application in Future Periods**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

New / revised pronouncements	Nature of change	Application date to the Group	Impact to the Group
AASB 9 <i>Financial Instruments</i> (December 2014)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010).	30 June 2019	The Group does not foresee any significant impact to the net profit and net assets as a result of applying this new accounting standard.
AASB 15 <i>Revenue from Contracts with Customers</i>	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.	30 June 2019	The Group has not yet assessed the full impact of this Standard.
AASB 16 Leases (issued February 2016)	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	30 June 2019	The Group does not foresee any significant impact to the net profit and net assets as a result of applying this new accounting standard.

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**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2016 \$	2015 \$
Statement of Financial Position		
ASSETS		
Current assets	364,311	494,505
Non-current assets	149,292	73,385
TOTAL ASSETS	513,603	567,890
LIABILITIES		
Current liabilities	3,100,346	2,551,721
Non-current liabilities	500,000	500,000
TOTAL LIABILITIES	3,600,346	3,051,721
EQUITY		
Issued capital	12,775,283	12,775,283
Retained earnings	(15,862,026)	(15,259,114)
TOTAL EQUITY	(3,086,743)	(2,485,831)

Statement of Profit or Loss and Other Comprehensive Income

Total loss	(602,912)	(3,073,846)
Total comprehensive income	(602,912)	(3,073,846)

Guarantees

SenSen Networks Pty Ltd has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

There are no contingent liabilities as at 30 June 2016 (2015: Nil).

Contractual commitments

At 30 June 2016, Group had not entered into any contractual commitments for the acquisition of plant and equipment (2015: Nil).

**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 3: REVENUE AND OTHER INCOME

	Note	Consolidated Group	
		2016	2015
		\$	\$
Sales revenue:			
- Sale of goods and services -domestic		707,625	375,284
- Sale of goods and services - overseas		400,964	43,304
		1,108,589	418,588
Other income:			
- Refunds		7,786	-
- R&D grant		895,368	855,573
- Aus Trade EMDG		117,095	68,928
		1,020,249	924,501

NOTE 4: PROFIT BEFORE INCOME TAX

		Consolidated Group	
		2016	2015
		\$	\$
Profit before income tax from continuing operations includes the following specific expenses:			
a. Expenses			
Cost of sales		377,419	514,388
Finance costs		87,510	107,740
Employee benefits expense:			
- contributions to defined contribution superannuation funds		71,352	124,544
Other expenses:			
Bad and doubtful debts:			
- trade receivables		-	59,573
Rental expense on operating leases:			
- minimum lease payments		85,594	91,475

NOTE 5: TAX EXPENSE

	Note	Consolidated Group	
		2016	2015
		\$	\$
a. The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30%		(189,493)	(657,488)
Deferred tax asset not recognised on current year losses		(189,493)	657,488
Income tax expense benefit/(expense)		-	-

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**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015
NOTE 6: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Cash at bank and on hand		3,473	18,987
Short-term bank deposits		51,147	50,000
		54,620	68,987

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		54,620	68,987
Bank overdrafts	15	(210,439)	(43,245)
		(155,819)	25,742

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 17 for further details.

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Trade receivables		269,107	446,389
Provision for impairment		-	(59,573)
		269,107	386,816
Accrued income		12,000	18,759
Total current trade and other receivables		281,107	405,575

Consolidated Group	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)			
			< 30	31-60	61-90	> 90
			\$	\$	\$	\$
2016						
Trade and term receivables	269,107	-	78,728		15,180	175,199
Total	269,107	-	78,728		15,180	175,199

**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDING 30 JUNE 2015

NOTE 8: INVENTORIES

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
At cost:			
- Inventory		15,000	15,000
		15,000	15,000

NOTE 9: OTHER ASSETS

		Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Prepayments		7,167	-
Borrowing cost		17,171	12,634
Less: amortisation of borrowing cost		(10,754)	(7,691)
		13,584	4,943

NOTE 10: OTHER ASSETS

		Consolidated Group	
		2016	2015
		\$	\$
NON CURRENT			
Preliminary expenses		1,300	1,300
Rental bond/guarantee		-	10,271
Security deposit		23,650	23,650
		24,950	35,221

NOTE 11: INVESTMENTS

	Note	Consolidated Group	
		2016	2015
		\$	\$
NON-CURRENT			
Available-for-sale financial assets		2,982	2,982
		2,982	2,982

**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015
NOTE 12: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2016	2015	2016	2015
		%	%	%	%
SenSen Video Business Intelligence Private Ltd	India	100	100	-	-

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2016	2015
	\$	\$
Plant and Equipment:		
At cost	198,676	100,745
Accumulated depreciation	(90,316)	(80,116)
	<u>108,360</u>	<u>20,629</u>
Furniture & Fixtures:		
At cost	41,300	27,976
Accumulated depreciation	(28,300)	(13,423)
	<u>13,000</u>	<u>14,553</u>
Total plant and equipment	<u><u>121,360</u></u>	<u><u>35,182</u></u>

a. **Movements in carrying amounts**

	Plant and Equipment	Furniture & Fixtures	Total
	\$	\$	\$
Consolidated Group			
Balance at 1 July 2015	20,629	14,553	35,182
Additions	102,191	8,490	110,681
Disposals - written-down value	-	-	-
Depreciation expense	(14,460)	(10,043)	(24,503)
Carrying amount at 30 June 2016	<u>108,360</u>	<u>13,000</u>	<u>121,360</u>

**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015
NOTE 14: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Unsecured liabilities:			
Trade payables		255,641	383,563
Credit cards payable		44,522	-
GST payable		23,396	38,354
PAYG payable		25,946	75,157
Superannuation payable		-	24,682
Accrued expenses		-	43,021
Annual leave		19,278	48,010
Unearned revenue		1,296,240	734,320
		<u>1,665,023</u>	<u>1,347,107</u>

NOTE 15: BORROWINGS

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Bank overdraft secured		210,439	43,245
Chattel Mortgage		91,632	-
Other short term loans		1,133,252	1,161,369
Total current borrowings		<u>1,435,323</u>	<u>1,204,614</u>
NON-CURRENT			
Bank loan secured		500,000	500,000
Total non-current borrowings		<u>500,000</u>	<u>500,000</u>
Total borrowings		<u>1,935,323</u>	<u>1,704,614</u>

The weighted average effective interest rate on the bank loan is 8.05% per annum (2015: 8.05% per annum). The facility will mature on 15/1/19.

The bank debt is secured by a first registered mortgage over certain property owned by the controlled entity and a floating charge over the trade receivables of the controlled entity.

Chattel mortgage is secured over the carrying value of leased asset included plant and equipment.

**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 16: ISSUED CAPITAL

	Consolidated Group	
	2016	2015
	\$	\$
5,990,375 (2015: 5,990,375) fully paid ordinary shares	12,775,283	12,775,283
	12,775,283	12,775,283

	Consolidated Group	
	2016	2015
	No	No
a. Ordinary Shares		
At the beginning of the reporting period	5,990,375	5,029,641
- Shares issued during the year	-	960,734
At the end of the reporting period	5,990,375	5,990,375

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

b. Capital Management

Management controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated Group	
		2016	2015
		\$	\$
b. Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable - minimum lease payments:			
- not later than 12 months		88,439	-
- between 1 and 5 years		96,091	-
- later than 5 years		-	-
		184,530	-

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**SenSen Networks Pty Ltd
and Controlled Entity**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 AND THE YEAR ENDED 30 JUNE 2015

NOTE 17: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

The property lease is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the cost of living per annum.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

There are no contingent liabilities.

NOTE 19: CASH FLOW INFORMATION

	Consolidated Group	
	2016	2015
	\$	\$
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(602,912)	(2,204,296)
Non-cash flows in profit:		
- Depreciation	24,503	16,015
- bad and doubtful debts		
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and term debtors	124,468	(160,699)
- increase in other assets	1,630	(21,152)
- (increase)/decrease in trade and payables	317,916	921,620
Net cash provided by operating activities	(134,395)	(1,448,512)

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

On 11 April 2017 SenSen Networks Pty Ltd (SenSen) entered into a Share Purchase Agreement (SPA) with Orpheus Energy Limited (Orpheus) with Orpheus to acquire 100% of the issued capital of SenSen in consideration for the issue of shares in Orpheus (the Transaction). The Transaction will constitute a reverse takeover of Orpheus by Sensen. The Transaction is subject to a number of conditions including compliance with the terms of the SPA, approval of Orpheus shareholders at a General Meeting and compliance and approval with regulatory authorities.

Subsequent to 30 June 2016, Sensen has received commitments from sophisticated investors to purchase shares equivalent to \$1,000,000.

The directors are not aware of any other significant events since the end of the reporting period.

NOTE 21: COMPANY DETAILS

The registered office of the company is:

Sensen Networks Pty Ltd
233 Banksia St
Ivanhoe, VIC 3079, Australia

The principal place of business is:

Sensen Networks Pty Ltd
Unit 4, 71 Victoria Crescent
Abbotsford, VIC 3067, Australia

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**SenSen Networks Pty Ltd
and Controlled Entity**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of SenSen Networks Pty Ltd, the directors have determined that the consolidated group is not a reporting entity and that this special purpose report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 23, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



Subhash Challa

Dated this 20th day of July 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Sensen Networks Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sensen Networks Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2016 and 30 June 2015, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Sensen Networks Pty Ltd, is 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 2016 and 30 June 2015 and of its financial performance for the years ended on those dates; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2016, but does not include the financial report and the 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 relating 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 in appendix 1. This description forms part of our auditor's report.

BDO Audit Pty Ltd



M Cutri
Director
Brisbane, 20 July 2017

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Appendix 1 - Additional information on the Auditor's responsibilities for the audit of the Financial Report

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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