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Aerometrex Pty Ltd
For the year ended 30 June 2018

For personal use only

For the year ended 30 June 2018

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For the year ended 30 June 2018

DIRECTOR'S REPORT

The Directors of the Aerometrex Pty Ltd present their report together with the financial statements of the Consolidated Entity, being Aerometrex Pty Ltd (the Company) and its controlled entities (the Group) for the year ended 30 June 2018 and the Independent Audit Report thereon.

Director Details

The following persons were Directors of Aerometrex Pty Ltd during or since the end of the financial year:

Mark Deuter
B.Sc (Maths)

Managing Director
Director since 2011

Mark has over 40 years' experience in Mapping Sciences, including substantial knowledge in photogrammetry and aerial photography, airborne geophysical surveying and data processing. As well as achieving a Bachelor of Surveying from the University of Adelaide, Mark has also achieved a Cartography Certificate from the University of South Australia.

David Byrne
B.Sc (Honours)

Technical Director
Director since 2011

David's experience with Aerial Mapping and Imagery is quite broad, having spent 17 years as Chief Photogrammetrist and Production Manager at Aerometrex. He also has 21 years' experience in Digital Photogrammetry, 2 years as Digital Photogrammetric Engineer and 4 years' experience in Photogrammetry research/commercial work. David achieved a Bachelor of Surveying (Honours) at the University of South Australia.

Beata Serafin

Human Resources Director
Director since 2011

Beata has 17 years' experience in digital photogrammetry, DEM editing, orthophoto mosaic, and detailed imagery retouching. She also has 2 years teaching experience in digital imagery and 3D modelling both locally and overseas. Bea has achieved a Degree in Design at the University of South Australia.

Furthermore, Bea has 5 years' experience in in-house staff training and development management, project management and as a team leader (both locally and overseas).

Scott Tomlinson

Aviation Director
Director since 2011

Scott has an extensive 27 years' experience in aerial surveyance. He has also achieved 2 years' experience as an aerial laboratory assistant, 8 years' experience performing aerial navigation / camera duties and 12 years' experience as a Senior Pilot. Scott holds a Commercial Pilots License, of which he achieved in 1990 and an Airline Transport license, achieved in 1994.

Scott has expansive operational use and understanding of the following camera types; RC10, RC20, RC30, UltraCamD, UltraCamX.

Matthew White
B.Acc, FBAA, FPA, NTAA

Finance Director
Director since 2011

Since 2008, Matthew has been the Financial Controller for the Aerometrex Group. Matthew has over 27 years' experience as an accountant, establishing his own accounting firm in June 1997. Matthew is also a financial planner and mortgage broker.

Matthew has achieved a Bachelor of Accounting from the University of South Australia, is a MFAA registered Mortgage Broker and registered Financial Planner. Matthew is also a registered Tax Agent, associate of the NTAA and Accredited SMSF Advisor.

For the year ended 30 June 2018

Company Secretary

The current Company Secretary is Matthew White.

Principal activities

During the year, the principal activities of entities within the Group were:

- The production and sale of digital aerial photographic images and mapping data sets on a project by project basis
- The production and sale of digital aerial photographic images and mapping data sets on a subscription basis
- The production and sale of survey and mapping data sets using LIDAR technology
- The production and sale of high resolution, three-dimensional (3D) data sets, 3D models and reality mesh

Review of operations and financial results

The Group is a key participant in the aerial photography and mapping services industry, holding varying market shares across its differing product lines.

The Group's Services and Retail segments have a diverse customer base, the single greatest client of the business accounts for 9.3% of revenue.

In June 2018, AMX relocated offices from Kent Town, Adelaide to Glynde, Adelaide to enable further growth, however the relocation caused some disruption to the business as the upscaling of essential services and capacity took some time in the new building.

The Group invested significantly in new equipment during the 2018 financial year to grow production capacity, take advantage of new technology and reduce operating costs.

In line with the Group's growth objectives, the number of full-time equivalent employees increased from 66 to 72 over the course of the financial year.

The operating profit result before tax of the Group has increased to \$ 2.753m (2017: \$0.128m); mainly due to the cost control measures implemented during the year, reduced competition in certain markets and the market generally regarding the group as the premium service provider in the industry, a result of our continued quality mantra.

Revenue from operations was up on last year by 35.3% which was a very strong result. The key reasons for this increase was the continued market recognition of our high-quality product lines and increased demand for our diverse range of services. Our investment in improved camera and sensor technology, processing systems and staff also created greater capacity to perform more work.

The Group's net assets increased by 45.9% compared to the previous year, largely due to a combination of greater profitability, increased debtors and plant and equipment coupled with a concerted debt reduction program.

Hard assets acquired during the year are in line with the Group's strategy to increase production capacity and reduce operating costs.

For the year ended 30 June 2018

Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- Transaction AMX Capital Trust:
 - in May 2018 the Group acquired 64.4% of the equity in the AMX Capital Trust, a property trust that owns the Groups' head office at 51-53 Glynburn Road, Glynde. The cost of the acquisition was \$670,000 which was settled in cash

Dividends

In respect of the current year, fully franked dividends of \$ 365,110 (20.4 cents per share) were paid over the course of the final year. The company paid regular monthly dividends and special dividends as determined by the directors.

A further special dividend was paid post end of financial year in July 2018 in the amount of \$200,000.

Events arising since the end of the reporting period

Apart from the final dividend declared, other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years, include:
 1. the Group embarking on capital raising activities to take advantage of the many opportunities available to grow the current business;
 2. Merging of the two trading companies in the group into one company to take advantage of economies of scale and systems efficiencies

Likely developments

The Group has an expectation of continued sales growth across all product lines and has a number of strategies to ensure this growth occurs including:

- Investing in regular mapping captures of Australia's capital cities
- Improving and expanding online subscription service
- Expanding its sales force in all product areas
- Upgrading its online sales portal
- Establishing a base overseas to take advantage of international opportunities
- Investing further in research and development
- Further reducing acquisition and processing costs; and
- Investing in further state-of-the-art technology to enable it to further increase market share

The Group's website has been recently upgraded and plans are already underway to improve the online sales portal.

Further investments have been made into sensor and computer technology during the 2019 financial year.

For the year ended 30 June 2018

The Group has developed its own proprietary hardware that will further save costs and increase efficiencies going forward.

The Directors are continually monitoring the Group's major costs and making adjustments where necessary to maintain and improve profit margin.

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group and how the Group manages these risks include:

- 1 Technological obsolescence:** given the rapidly changing environment in which the Group operates, this could have a very significant impact on our financial results. We address this risk through investment in the latest technology, spending on targeted research and development programs and by constantly monitoring the market. We are also developing our own technology to help mitigate third party risk
- 2 Aviation operations:** air traffic congestion is becoming an issue over major Australia cities. We are resolving this issue by developing longer focal camera systems to ensure we can fly our surveys above the congestion around capital city airports.
- 3 Increased competition:** competitors have started marketing campaigns which are confusing clients regarding the range of services available in the sector. We will reduce this risk with client education, conferences, seminars, website and messaging through various digital and social media.

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 is as follows:

Board Member	Board Meetings	
	A	B
Mark Deuter	12	11
Matthew White	12	12
David Byrne	12	11
Beata Serafin	12	8
Scott Tomlinson	12	8

Where:

- column A:** is the number of meetings the Director was entitled to attend
- column B:** is the number of meetings the Director attended

For the year ended 30 June 2018

Unissued shares under option

Unissued ordinary shares of the Aerometrex Group under option at the date of this report are: Nil

Shares issued during or since the end of the year as a result of exercise

During or since the end of the financial year, the Group issued no ordinary shares as a result of the exercise of options.

Environmental legislation

Aerometrex Group operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

During the year, Aerometrex Group paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

No indemnity has been provided.

Proceedings of 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

Aerometrex Group is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.



Matthew White
Director
1 April 2019

For the year ended 30 June 2018

For the year ended 30 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2018 \$'000	2017 \$'000
Revenue	5	13,129	9,706
Other income		38	14
Cost of sales		(2,738)	(2,581)
Employee benefits expense	16	(4,264)	(3,833)
Depreciation of property, plant and equipment	11	(990)	(867)
Amortisation of intangible assets	14	(141)	(281)
Other expenses		(2,053)	(1,750)
Finance costs	6	(231)	(285)
Finance income	6	3	5
Profit before income tax		2,753	128
Income tax expense	7	(925)	(126)
Profit for the year after income tax		1,828	2
Profit attributable to:			
Equity holders of the parent		1,836	2
Non-controlling interests		(8)	-
Profit for the year after income tax		1,828	2
Earnings per share:			
Basic, profit for the year attributable to ordinary equity holders of the parent		\$1.02	\$0.001
Diluted, Profit for the year attributable to ordinary equity holds of the parent		\$1.02	\$0.001

This statement should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2018

Consolidated Statement of Financial Position

As of 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Assets			
Current			
Cash and cash equivalents	8	974	945
Trade and other receivables	9	2,860	1,481
Other Assets	10	797	639
Total current assets		4,631	3,065
Non-current			
Property, plant and equipment	11	8,761	3,994
Goodwill	13	1,785	1,785
Intangible assets	14	162	281
Deferred tax assets	17	225	209
Total non-current assets		10,933	6,269
Total assets		15,564	9,334
Liabilities			
Current			
Trade and other payables	15	464	273
Income in advance		138	246
Borrowings	12	3,575	728
Employee benefits	16	689	716
Current tax liabilities		553	206
Total current liabilities		5,419	2,169
Non-current			
Borrowings	12	3,406	2,819
Employee benefits	16	58	52
Deferred tax liabilities	17	952	398
Total non-current liabilities		4,416	3,269
Total liabilities		9,835	5,438
Net assets		5,729	3,896
Equity			
Equity attributable to owners of the parent:			
Share capital	18	3,127	3,127
Retained earnings		2,240	769
Non-controlling interest		362	-
Total equity		5,729	3,896

This statement should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2018

Consolidated Statement of Changes in Equity

For year ended 30 June 2018

	Notes	Share capital \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2017		3,127	769	3,896	-	3,896
Non-controlling interest arising from acquisition of subsidiary	23	-	-	-	370	370
Dividends	19	-	(365)	(365)	-	(365)
Profit for the year		-	1,836	1,836	(8)	1,828
Balance at 30 June 2018		3,127	2,240	5,367	362	5,729

For year ended 30 June 2017

	Notes	Share capital \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016		3,127	947	4,074	-	4,074
Dividends	19	-	(180)	(180)	-	(180)
Profit for the year		-	2	2	-	2
Balance at 30 June 2017		3,127	769	3,896	-	3,896

This statement should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2018

For the year ended 30 June 2018

Consolidated Statement of Cash Flows

	Notes	2018 \$'000	2017 \$'000
Operating activities			
Receipts from customers		11,484	9,978
Payments to suppliers and employees		(8,888)	(8,435)
Income taxes paid		-	-
Interest received	6	3	5
Interest paid	6	(231)	(284)
Net cash from operating activities		2,368	1,264
Investing activities			
Purchase of property, plant and equipment		(4,717)	(169)
Units acquired in AMX Capital	23	(670)	-
Purchase of other intangible assets		(22)	-
Net cash used in investing activities		(5,409)	(169)
Financing activities			
Net proceeds of bank loans		3,435	(567)
Dividends paid	19	(365)	(180)
Net cash from / (used in) financing activities		3,070	(747)
Net change in cash and cash equivalents		29	348
Cash and cash equivalents, beginning of year	8	945	597
Cash and cash equivalents, end of year		974	945

This statement should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2018

1 Nature of operations

Notes to the Consolidated Financial Statements

Aerometrex Pty Ltd and subsidiaries' (the Group) principal activities include the production and sale of digital aerial photography and mapping products.

These activities are grouped into the following service lines:

- **Project photocontracting:** flying, processing and delivering two dimensional digital maps on a project basis
- **3D Pro:** flying, processing and delivering high resolution 3D models on a project basis
- **Metromap:** online aerial imagery delivery service
- **LiDAR:** flying, processing and delivering full waveform LiDAR products on a project basis

2 General information and statement of compliance

The Group has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. Aerometrex Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

Aerometrex Pty Ltd is the Group's Ultimate Parent Company. Aerometrex Pty Ltd is a Private Company incorporated and domiciled in Australia. The address of its registered office is 20d William Street, Norwood SA 5067 and its principal place of business is 51-53 Glynburn Road, Glynde SA 5070.

The consolidated financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 1 April 2019.

3 Changes in accounting policies

3.1 Correction of prior period error

There were no prior period errors or corrections required.

3.2 New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2017. Information on the more significant standard(s) is presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 *Income Taxes* to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

For the year ended 30 June 2018

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard amends AASB 136 *Impairment of Assets* to:

- remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and
- clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that:

AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*; and

AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138

AASB 2016-4 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these standards has not had a material impact on the Group.

4 Summary of accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. 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.

For the year ended 30 June 2018

4.3 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.

4.4 Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.5 Revenue

Revenue arises from the sale of goods and the rendering of services plus the Group's share of revenue of its joint ventures. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

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.

For the year ended 30 June 2018

Sale of goods and services

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.

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.

A project's stage of completion is assessed by management based on milestones (usually defined in the contract) for the activities to be carried out under the contract and other available relevant information at the reporting date.

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 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 within trade and other receivables for all 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 within other liabilities 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 at balance date.

Revenue from the sale of goods with no significant service obligation is recognised on delivery.

Subscriptions sold are recognised over the period that the term of the subscription relates to.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see Note 6).

4.8 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised.

For the year ended 30 June 2018

4.9 Other intangible assets

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software licences are expensed as they are annual licenses.

Subsequent measurement

All intangible assets, including internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

- software: 3-5 years
- brand names: 15-20 years
- customer lists: 4-6 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

4.10 Property, plant and equipment

Land

Land is currently carried at cost and as no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, IT equipment and other equipment

Buildings, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Buildings, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- buildings: 25-50 years
- IT equipment: 3 years
- other equipment: 3-12 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

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

For the year ended 30 June 2018

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.

4.11 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

The Group has no operating leases.

4.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's 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 data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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.

For the year ended 30 June 2018

4.13 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

All financial assets except for those at fair value through profit or loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

Derivative financial instruments and hedge accounting

The Group has no derivative financial instruments or active hedges as at reporting date.

For the year ended 30 June 2018

4.14 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.16 Equity, reserves and dividend payments

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.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

4.17 Employee benefits

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.

For the year ended 30 June 2018

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as 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.

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.

Post-employment benefit plans

There are no post-employment benefit plans.

4.18 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.19 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 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.

4.20 Rounding of amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

For the year ended 30 June 2018

4.21 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of revenue

Determining when to recognise revenues from projects not completed or delivered at balance date. Requires significant judgment in determining milestones, actual work performed and the estimated costs to complete the work.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Control assessment

To the extent a holding entity holds 51% or greater of a subsidiary, it is considered to exert control over that subsidiary.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of Goodwill

The Group has assessed impairment at 30 June 2018 by determining the recoverable amount of the CGUs with the goodwill and comparing it to the recoverable amount of the CGUs. The recoverable amount of the CGUs is based on value in use calculations using a discounted cash flow for a period not exceeding five years. The calculations are based on cash flow projections on the most recent financial budgets approved by the directors. The budgets prepared by management are based on historical data.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

For the year ended 30 June 2018

5 Revenue

The Group's revenue is analysed as follows for each major product and service category (excluding revenue from discontinued operations):

	2018 \$'000	2017 \$'000
Sales – Aero 3D Pro	1,505	1,325
Sales – LiDAR	3,135	1,679
Sales – Metromap	526	211
Sales – Photo Contracting	7,963	6,491
Group revenue	13,129	9,706

6 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2018 \$'000	2017 \$'000
Interest expenses for chattel mortgage arrangements	230	285
Interest expenses on other facilities	1	-
Total interest expense	231	285

Finance income for the reporting periods consists of the following:

	2018 \$'000	2017 \$'000
Interest income from cash and cash equivalents	3	5
Total interest income	3	5

7 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Aerometrex Group at 27.5% (2017: 27.5%) and the reported tax expense in profit or loss are as follows:

	2018 \$'000	2017 \$'000
Profit before tax	2,753	128
Domestic tax rate for Aerometrex Group	27.5%	27.5%
Expected tax expense/(refund)	757	35
Adjustment for additional deductible expenses and rebates:		
• other deductible expenses and rebates	(371)	(98)
Actual tax expense / (income)	386	(63)
Tax expense comprises:		
• current tax expense	386	(63)

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
Deferred tax expense / (income):		
• origination and reversal of temporary differences (Note 17)	727	189
• utilisation of unused tax losses	(188)	-
Tax expense	925	126

Note 17 provides information on deferred tax assets and liabilities.

8 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank and in hand:		
Australian Dollar (\$AUD)	974	945
Cash and cash equivalents	974	945

9 Trade and other receivables

	2018 \$'000	2017 \$'000
Trade receivables, gross	2,945	1,492
Allowance for credit losses	(85)	(11)
Trade receivables, Net	2,860	1,481
Financial assets	2,860	1,481

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of \$ 79,450 (2017: Nil) has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

The movement in the allowance for credit losses can be reconciled as follows:

	2018 \$'000	2017 \$'000
Reconciliation of allowance credit losses		
Balance 1 July	11	-
Amounts written off (uncollectable)	(6)	-
Provision for doubtful debts	80	11
Impairment loss reversed	-	-
Balance 30 June	85	11

For the year ended 30 June 2018

10 Other Assets

Unbilled amounts for client work relate to service contract receivables on completed work where the fee has yet to be issued or where the service contract is such that the work performed falls into a different accounting period. Unbilled amounts for client work are stated at cost plus profit recognised to date (in accordance with the revenue accounting policy below) less provision for impairment and net of amounts billed on account.

	2018 \$'000	2017 \$'000
Work in progress	797	639
Total	797	639

11 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows

	Land & Buildings	Plant & Equipment	Total \$'000
Gross carrying amount			
Balance 1 July 2017	-	3,994	3,994
Additions	3,189	2,585	5,774
Disposals	-	(17)	(17)
Depreciation	(23)	(967)	(990)
Carrying amount 30 June 2018	3,166	5,595	8,761

	Land & Buildings	Plant & Equipment	Total \$'000
Gross carrying amount			
Balance 1 July 2016	-	4,645	4,645
Additions	-	225	225
Disposals	-	(9)	(9)
Depreciation	-	(867)	(867)
Carrying amount 30 June 2017	-	3,994	3,994

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

For the year ended 30 June 2018

12 Financial assets and liabilities

12.1 Categories of financial assets and liabilities

Note 4.16 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Assets held to maturity \$'000	Total \$'000
30 June 2018			
Financial assets			
Other short-term financial assets	10	797	797
Trade and other receivables ^(b)	9	2,860	2,860
Cash and cash equivalents	8	974	974
		4,631	4,631

b These amounts only represent trade receivables that are financial assets. See Note 9.

	Notes	Other liabilities at fair value \$'000*	Total \$'000
30 June 2018			
Financial liabilities			
Non-current borrowings	12	3,406	3,406
Current borrowings	12	3,575	3,575
Income in advance		138	138
Trade and other payables	15	464	464
		7,583	7,583

* Carried at fair value
Carried at amortised cost

	Notes	Assets held to maturity \$'000	Total \$'000
30 June 2017			
Financial assets			
Other short-term financial assets	10	639	639
Trade and other receivables ^(a)	9	1,481	1,481
Cash and cash equivalents	8	945	945
		3,065	3,065

(a) These amounts only represent trade receivables that are financial assets. See Note 9.

	Notes	Other liabilities at fair value \$'000*	Total \$'000
30 June 2017			
Financial liabilities			
Non-current borrowings	12	2,819	2,819
Current borrowings	12	728	728
Income in advance		246	246
Trade and other payables	15	273	273
		4,066	4,066

For the year ended 30 June 2018

12.2 Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Carrying amount at amortised cost				
Other bank borrowings:				
Chattel mortgage liabilities	1,117	728	3,406	2,819
Commercial Bills	2,163	-	-	-
Bank Overdraft	295	-	-	-
Total	3,575	728	3,406	2,819

All borrowings are denominated in Australian Dollars (\$AUD).

Commercial Bills

Commercial bill borrowings, are rolled on a monthly basis and have an maturity date of May 2021 and are secured by a registered mortgage the land and buildings owned by the Group located at 51-53 Glynburn Road Glynde. Current interest rates are variable and average 4.31% (2017 \$nil). The carrying amount of the other bank borrowings are considered to be a reasonable approximation of fair value.

This facility has covenants in relation to the Loan to Security Value ration must not exceed 70% for the period 5 May 2018 to 4 May 2020.

Lease Liabilities

The Group's equipment in are held under finance lease arrangements. As of 30 June 2018 the net carrying amount of the equipment held under finance lease arrangements is \$4,874,000 (2017: \$3,631,000).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

	2018 \$'000	2017 \$'000
Current:		
Minimum lease payments	5,101	4,028
Less future charges	(578)	(481)
Present value of minimum lease payments	4,523	3,547
Current Lease Liability	1,117	728
Non Current Lease Liability	3,406	2,819
Total	4,523	3,547

As part of these Chattel mortgage facilities the following financial covenants are noted and these related Aggregated Debt to EBITDA of Aerometrex and Atlass-Aerometrex must not exceed 2.5 times at any point during the financial year and facility agreement.

For the year ended 30 June 2018

12.3 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

13 Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2018 \$'000	2017 \$'000
Carrying amount at 30 June	1,785	1,785

14 Intangible assets

Intangible assets are represented by datasets and borrowing costs

	2018 \$'000	2017 \$'000
Balance 1 July	281	562
Acquired during the year	22	-
Amortisation expensed in profit and loss statement	(141)	(281)
Total	162	281
Carrying amount at balance date	162	281

15 Trade and other payables

Trade and other payables recognised consist of the following:

	2018 \$'000	2017 \$'000
Current		
Trade payables	464	273
Total trade and other payables	464	273

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

For the year ended 30 June 2018

16 Employee benefits

16.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2018 \$'000	2017 \$'000
Wages, salaries	3,867	3,425
Superannuation	350	318
Leave Provisions	15	63
Workcover	32	27
Employee benefits expense	4,264	3,833

16.2 Employee benefits

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

	2018 \$'000	2017 \$'000
Non-current:		
• Leave provisions	58	52
Current:		
• Leave provisions	626	616
• other short term employee obligations	63	100
Total current provisions	689	716
Total employee provisions and obligations	747	768

17 Deferred tax assets and liabilities

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

Deferred tax liabilities / (assets)	1 July 2017 \$'000	Recognised in profit and loss \$'000	30 June 2018 \$'000
Non-current assets			
Property, plant and equipment	290	481	771
Current assets			
Other assets	108	73	181
Non-current liabilities			
Pension and other employee obligations	(14)	(2)	(16)
Current liabilities			
Provisions	-	(22)	(22)
Pension and other employee obligations	(195)	8	(187)
Unused tax losses			
	189	538	727
Total deferred tax assets	(209)	(16)	(225)
Total deferred tax liabilities	398	554	952

For the year ended 30 June 2018

Deferred tax liabilities / (assets)	1 July 2016 \$'000	Recognised in profit and loss \$'000	30 June 2017 \$'000
Non-current assets			
Property, plant and equipment	-	290	290
Current assets			
Other assets	-	108	108
Non-current liabilities			
Pension and other employee obligations	-	(14)	(14)
Current liabilities			
Pension and other employee obligations	-	(195)	(195)
Unused tax losses			
	-	189	189
Total deferred tax assets	-	(209)	(209)
Total deferred tax liabilities	-	398	398

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

18 Equity

18.1 Share capital

The share capital of Aerometrex Group consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Aerometrex Group.

	2018 Shares	2017 Shares	2018 \$'000	2017 \$'000
Shares issued and fully paid:				
• beginning of the year	1,786,009	1,786,009	3,127	3,127
• issued under share-based payments	-	-	-	-
• share issue	-	-	-	-
Total contributed equity at 30 June	1,786,009	1,786,009	3,127	3,127

No additional shares were issued during 2018.

19 Dividends

Dividends paid and proposed are as follows.

	2018 \$'000	2017 \$'000
Dividends declared during the year:		
• fully franked dividends (\$0.20 per share)	365	180

For the year ended 30 June 2018

The tax rates applicable to the franking credits attached to the interim dividend and to be attached to the final dividend is 27.5% (2017: 27.5%).

19.1 Franking credits

Franking credits and debits for the reporting period are detailed below.

	2018 \$'000	2017 \$'000
The amount of the franking credits available for subsequent reporting periods are:		
• balance at the end of the reporting period	171	250
• franking credits that will arise from the payment of the amount of provision for income tax	147	(25)
• franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	-	-
Total franking credits	318	225

20 Auditor remuneration

Auditor remuneration details are as follows:

	2018 \$	2017 \$
Audit and review of financial statements		
Auditors of Aerometrex Group – Grant Thornton Australia	12	12
Total auditor's remuneration	12	12

21 Related party transactions

The Group's related parties include its associates and joint venture, key management, post-employment benefit plans for the Group's employees and others as described below. In addition, Aerometrex Pty Ltd has a subordinated loan from its subsidiary, Atlass-Aerometrex Pty Ltd on which no interest is paid.

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.

21.1 Transactions with key management personnel

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

	2018 \$'000	2017 \$'000
Short term employee benefits:		
• salaries including bonuses	491	454
• allowances	5	4
Total short term employee benefits	496	458
Long service leave	-	-
Total other long-term benefits	-	-
Total remuneration	496	458

There were no loans to key management personnel during the 2018 and 2017 financial years.

During 2018, the Group used the accounting and financial controlling services of one Company Director and the accounting firm over which he exercises significant influence. The amounts billed related to this service amounted to \$ 110,482 (2017: \$ 97,930), based on normal market rates and was fully paid as of the reporting date.

For the year ended 30 June 2018

22 Contingent liabilities

There are no contingent liabilities recorded as at reporting date.

The Group has bank guarantees totalling \$76,000 held with the ANZ as at 30 June 2018 (2017 \$43,000)

23 Acquisitions and disposals

23.1 AMX Capital Trust

In May 2018 the Group subscribed 64.4% of the equity instruments of AMX Capital Trust, an Adelaide based property trust, thereby obtaining control. AMX subsequently purchased the buildings of the Group in Adelaide, which provides the requisite accommodation required for the Group's growth plans reduces accommodation operating costs.

The details of the subscription are as follows:

	\$'000
Fair value of subscription	
Amount settled in cash	1,040
Total	
Units to Aerometrex Pty Ltd	(670)
Units issued to non-controlling interest	(370)

24 Interests in subsidiaries

24.1 Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group	
			30 June 2018	30 June 2017
Atlas-Aerometrex Pty Ltd	Australia	LiDAR Mapping Services	100%	100%
AMX Capital Trust	Australia	Property	64.4%	-

Significant judgements and assumptions

The Group holds 100% of the ordinary shares and voting rights in Atlas-Aerometrex Pty Ltd.

24.2 Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities.

25 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

For the year ended 30 June 2018

26 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group's goal in capital management is to maintain a capital-to-overall financing ratio of 1:4.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2018 \$'000	2017 \$'000
Total equity	5,826	3,993
Cash and cash equivalents	974	945
Capital	6,800	4,938
Borrowings	6,981	3,548
Overall financing	6,981	3,548
Capital-to-overall financing ratio	0.97	1.39

The Group has honoured its bank covenant obligations, including maintaining capital and EBITDA ratios.

27 Parent entity information

Information relating to Aerometrex Pty Ltd (the Parent Entity):

	2018 \$'000	2017 \$'000
Statement of financial position		
Current assets	2,952	2,340
Total assets	10,691	9,088
Current liabilities	2,142	1,544
Total liabilities	6,218	5,122
Net assets	4,473	3,966
Issued capital	3,127	3,127
Retained earnings	1,346	839
Total equity	4,473	3,966
Statement of profit or loss and other comprehensive income		
Profit for the year	857	79
Other comprehensive income	-	-
Total comprehensive income	857	79

For the year ended 30 June 2018

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes:
 - (a) comply with Australian Accounting Standards Reduced Disclosure requirements; and
 - (b) present fairly in all material respect the company's financial position as at 30 June 2018 and of its performance for the year ended on that date;
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.

Signed in accordance with a resolution of the Directors.

This declaration is made in accordance with a resolution of the Board of Directors.



Beata Maria Serafin

Director



David Michael Byrne

Director

Dated:

1/4/19

Independent Auditor's Report

To the Members of Aerometrex Pty Ltd

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Aerometrex Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of Aerometrex Pty Ltd:

- a Presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2018 and of its performance and cash flows for the year ended; and
- b complies with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Qualified Opinion

As we were appointed auditors of Aerometrex Pty Ltd during 2018, we are not in a position to and do not express an opinion for the opening balances from 1 July 2016. As opening balances enter into the determination of financial performance and cash flows for the presented comparative 30 June 2017, we were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had this limitation in scope not existed.

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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 Company in accordance with 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 qualified opinion.

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 Company's Director's report for the year ended 30 June 2018, 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 accordingly 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 and fair presentation of the financial report in accordance with Australian Accounting Standards and This responsibility includes such internal control as management determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 1 April 2019