Appendix 4E
Preliminary final report

Company Details & Reporting Period

Name of entity:	Aerometrex Limited
ACN:	153 103 925
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

Results for announcement to the market

Key Information	Current Period $'000	Previous Corresponding Period (PCP) $'000	Percentage Change on PCP	Change in Value $'000
Revenues from ordinary activities	20,091	16,109	+24.7%	3,982
(Loss) / Profit from ordinary activities after tax attributable to members	(293)	2,562	(111.4%)	(2,855)
(Loss) / Profit for the reporting period attributable to members	(293)	2,562	(111.4%)	(2,855)

Dividends

	2020 $'000	2019 $'000
Ordinary dividends declared during the year:		
Fully franked dividends (2020: $nil per share) - (2019: $0.381 per share)	-	680

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

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

Net Tangible Assets Backing

	2020 $'000	2019 $'000
Net tangible asset backing per ordinary security	$0.33	$0.07
Total number of shares on issue at period end	94,400,000	60,200,000

Total number of shares held at balance date in the prior corresponding period (31 December 2018 and 30 June 2019) of 1,786,009 has been adjusted to account for the share split of 1:32.7 which occurred on 9 September 2019 to enable comparison with the current period.

Entities over which control has been gained during the period

		2020	2019
Name of entities (or group of entities)	Spookfish Australia Pty Ltd	100%	-
Date control gained	20 May 2020		

Loss of control over entities

There are no entities over which control has been lost during the period.

Details of associates and joint venture entities

There are no associates or joint venture entities.

Overview of operating results

Changes in state of affairs

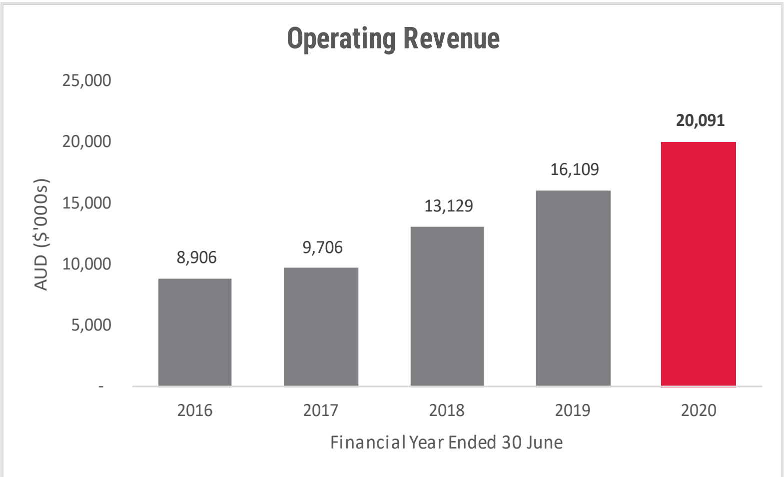
The last 12 months which ended 30 June 2020 saw a significant number of changes to the company:

- Converted from a Proprietary Limited company to a public company limited by shares, on 29 August 2019 in anticipation of listing on the Australian Securities Exchange (ASX);
- Raised $25 million (25,000,000 shares at $1.00 each) via a fully underwritten initial public offering under a Prospectus lodged with ASIC on 1 November 2019. The primary objectives were to:
    - List on the Australian Securities Exchange (ASX);
    - Provide Aerometrex with financial flexibility to pursue growth initiatives domestically and abroad;
    - Provide Aerometrex with the benefits of increased public awareness that arises as an ASX-listed entity; and
    - Broaden Aerometrex's shareholder base and provide a liquid market for its securities.
- Successfully listed on the ASX on 10 December 2019.
- Issued 1,000,000 options to the Non-Executive Directors as part of the IPO process.
- Issued 944,000 options to the Lead Manager and Underwriter, Morgans as part of the IPO process.
- Converted 7,000,000 series 'A' convertible notes with a face value of $7m (notes issued at $1 per convertible note) into 9,200,000 million ordinary shares as part of the ASX listing process.
- Issued 2,555,000 options to management and employees under an Employee Share Option Plan (ESOP) to ensure long term alignment between the staff and shareholders.
- Completed the acquisition of Spookfish Australia Pty Ltd from EagleView Technologies Inc in May 2020. This acquisition included the acquisition of the Spookfish existing customer client list and a licence to their aerial imagery archive.
- Opened the US office in Denver, Colorado USA with the sole purpose of taking the world leading 3D capabilities of Aerometrex to the US market.

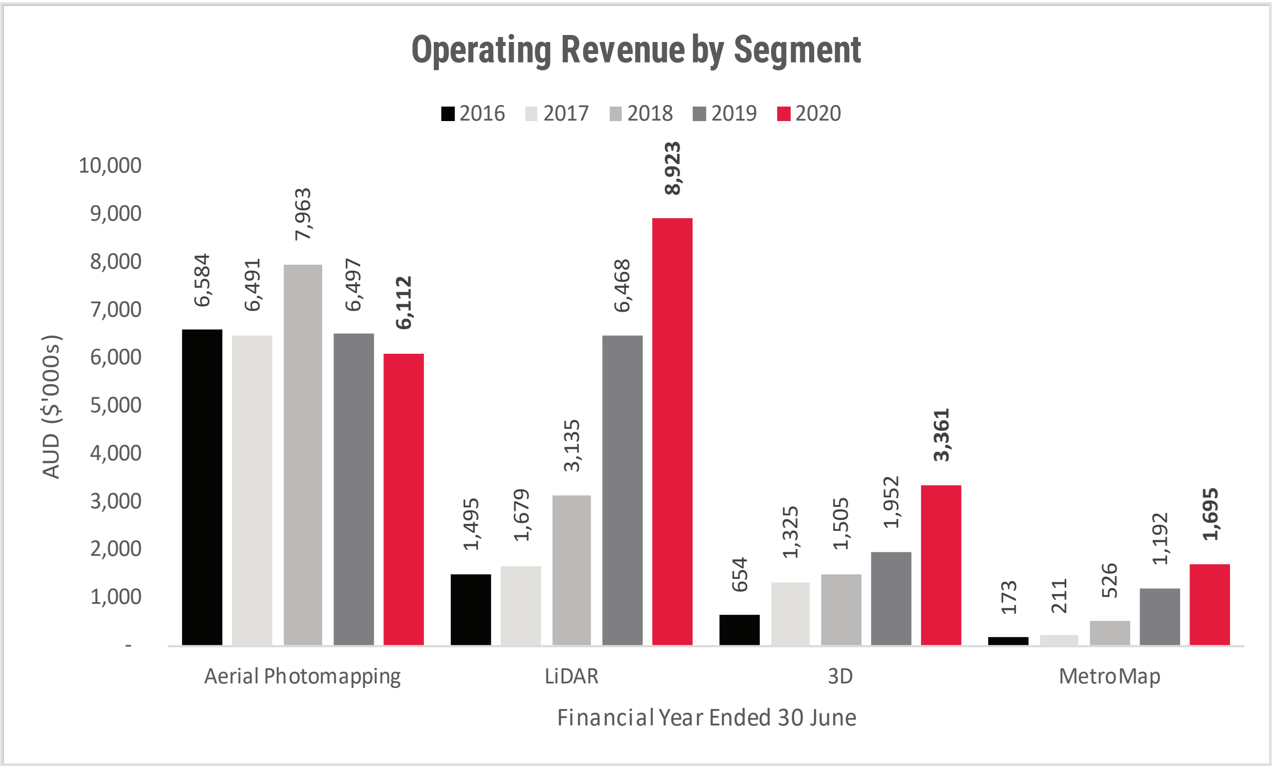
There were no other significant changes in the state of affairs of the Group during the financial period.

Review of operations

The Aerometrex Group reported an increase in revenue of 24.7% across FY20 from $16.1m to $20.1m and continued the company's continued year on year revenue growth.

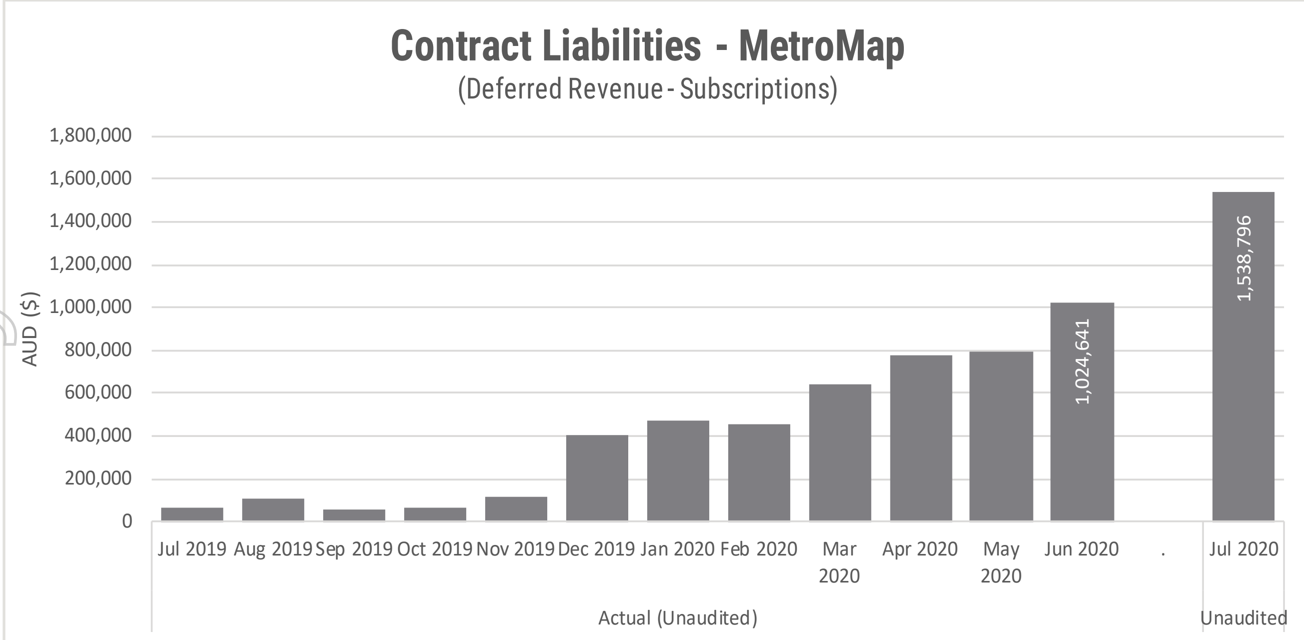


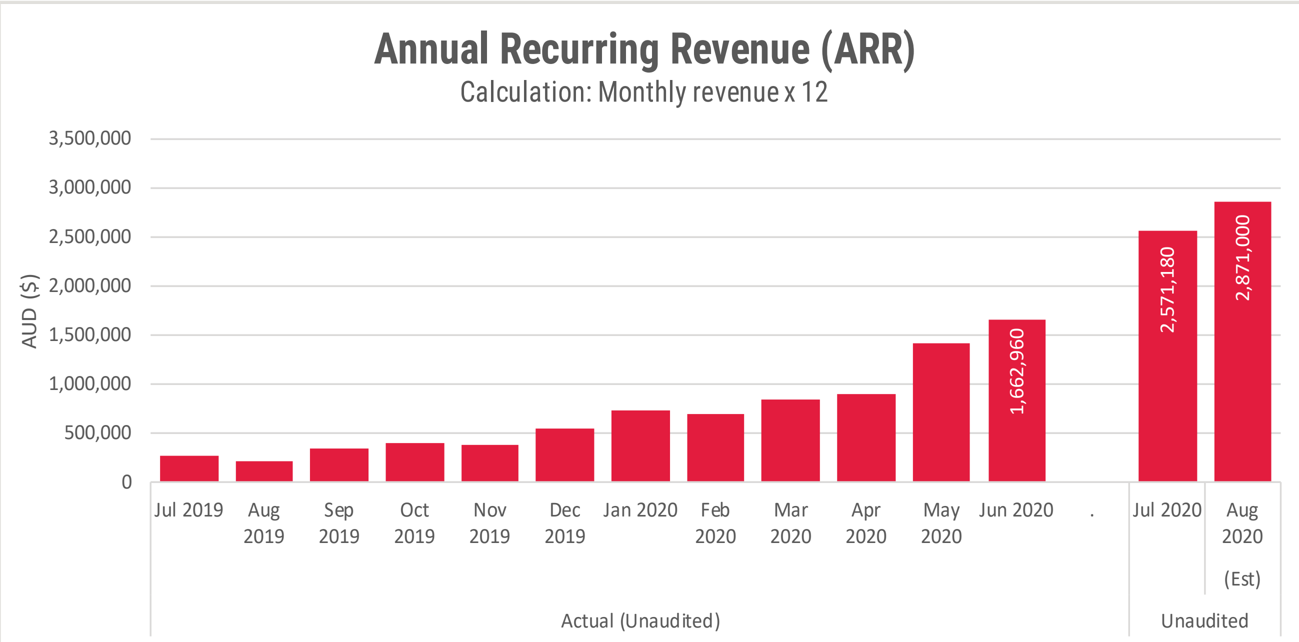
Revenue across the business segments was:



MetroMap, the company's Data as a Service (DaaS) model continued to experience growth, increasing total revenue by 42% on 2019. The company's focus is to drive further growth in the MetroMap subscription platform following the injection of capital from the IPO listing in December 2019. Under the subscription model, the revenue is recognized over the period of the subscription, with many clients signing annual or three year subscription terms. As such, it is important to consider the operating revenue with the unearned revenue held in the balance sheet, which for the subscription model of MetroMap has increased from $0 to $1 million at the end of June 2020. The key highlights for FY20 being:

- Doubled subscription revenue recognized during the year
- Saw deferred revenue increase from $nil in 2019 to $1 million at the end of 2020
- Investment into people, particularly dedicated sales and marketing, to focus on the opportunities which are available despite COVID-19
- Increased capture and release of datasets
- Completed the acquisition of Spookfish Australia Pty Ltd in May 2020 which did not contribute any material revenue in the 2020 results ($31k) with the benefits to be realised in FY21.





LiDAR continued its strong pattern of revenue growth increasing by 38% on the 2019 year. The growth in revenue was driven by increased investment into additional aircraft, sensors and upgrading one of the existing sensors to increase the sampling rate from firing at a rate of 1 million light pulses per second to 2 million light pulses per second.

3D experienced growth of 72% on 2019 driven by winning and completing a number of projects throughout the year. There were two standout high value projects during the year being the City of Pau in France and the modelling of Western Sydney. Both 3D modelling projects formed the basis of 'Digital Twin' or 'Smart Cities' programs. These projects have set international benchmarks for the quality of 3D modelling and have been widely recognized as state-of-the-art data products.

Aerial photomapping declined by 5.9% on the prior year however this was in line with expectations as clients moved towards the subscription model of MetroMap or LiDAR to best suit their needs. Aerial photomapping is therefore skewed towards project based work where there may be limited scope for additional data sales or the client wants proprietary ownership of the dataset. The project based aerial photomapping continues to provide our customers with the high-quality information they need in a timely, reliable way.

Overall, Aerometrex generated a net loss before income tax of $80k for the year ended 30 June 2020 compared to the prior year which generated a net profit before income tax of $2,866k. Within this result, the Australian operations generated a net operating profit before tax of $140k which was offset by a loss in the US operations of $220k. In understanding this result, the June 2020 results included $676k which was expensed as part of the fully underwritten IPO capital raising exercise including financing costs associated with the pre-IPO convertible notes and a further $198k in refinancing costs associated to establishing new debt facilities with Westpac. These one-off costs totalled $874k in the current year results and are not of a recurring nature.

This can be summarised as follows:

	2020 $'000	2019 $'000
Revenue from ordinary activities	20,091	16,109
(Loss)/Profit before income tax	(80)	2,866
Addback of non-recurring items		
Costs associated with IPO capital raising	499	-
Finance costs on convertible notes	177	-
Refinance costs	198	-
Normalised profit before income tax (Non statutory disclosure)	**794**	**2,866**

Shared based payments of $363k were also expensed in the current year (2019: $nil) relating to options granted to non-executive directors on the successful ASX listing of the company in December and the introduction of an employee share option plan (ESOP). While the recognition of the cost of the options under the ESOP may become 'recurring' in nature given the vesting conditions, it was not incurred in the prior corresponding period.

The statement of financial position continued to show strength following the capital raising in December 2019 ($25m) with $22m (2019: $5m) held in cash at year end with reduced financial debt of $3.1m (2019: $11.6m) which included the conversion of the convertible notes (2019: $5m) into equity on listing. The strength of the balance sheet allows Aerometrex to continue to invest for future growth.

The operating activities generated net cash of $8.2m (2019: $5.1m) reflecting the underlying strength of the project business but also reflects the shift towards the subscription model for MetroMap. With the strategic focus on the MetroMap subscription model, significant investment was made into the aerial imagery capture program with $3.75m (2019: $1.56m) spent on datasets. This included the acquisition of rights to the Spookfish Australia Pty Ltd historical datasets as part of the acquisition of the company from EagleView Technologies Inc.

Subsequent events

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

Contingent liabilities

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

Audit of Accounts

The financial statements for the year ended 30 June 2020 are in the process of being audited.

The preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. In accordance with the Corporations Act 2001, the preliminary financial report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2020. The annual financial report is in the process of being audited.

The Directors approved the release of the 4E statement.

Financial Statements & Notes

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

Earnings per share:

		2020 $'000	2019 $'000
Basic earnings per share	22	($0.004)	$0.043
Diluted earnings per share	22	($0.004)	$0.043

To be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

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

To be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

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

To be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

	Notes	Share capital $'000	Share based payment reserve $'000	Retained earnings $'000	Total attributable to owners of parent $'000	Non-controlling interest $'000	Total equity $'000
Balance as at 1 July 2019		**2,377**	**-**	**4,122**	**6,499**	**370**	**6,869**
(Loss) after income tax for the year		-	-	(293)	(293)	27	**(266)**
Proceeds from issue of ordinary shares - IPO		25,000	-	-	25,000	-	**25,000**
Share based payment reserve - broker options		(124)	-	-	(124)	-	**(124)**
IPO costs		(1,661)	-	-	(1,661)	-	**(1,661)**
Tax effect of IPO costs		457	-	-	457	-	**457**
Net proceeds from share issue (IPO)		**23,672**	**-**	**-**	**23,672**	**-**	**23,672**
Proceeds from issue of Series 'A' convertible notes		7,000	-	-	7,000	-	**7,000**
Convertible note costs		(420)	-	-	(420)	-	**(420)**
Tax effect of convertible notes costs		86	-	-	86	-	**86**
Finance cost of convertible notes now expensed		177	-	-	177	-	**177**
Net proceeds from conversion of Convertible notes to Issued Equity		**6,843**	**-**	**-**	**6,843**	**-**	**6,843**
Fair Value of options granted during the year	20	-	487	-	487	-	**487**
Balance as at 30 June 2020		**32,892**	**487**	**3,829**	**37,208**	**397**	**37,605**

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

To be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

1. Reporting entity and general information

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

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

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

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

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

These preliminary financial statements were authorised for issue to meet the ASX requirements, in accordance with a resolution of Directors on 28 August 2020. The directors have the power to amend and reissue the financial statements.

2. Change to company type

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

3. Summary of significant accounting policies

3.1. Basis of preparation

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

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

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

3.2. Basis of consolidation

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

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

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

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

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

3.3. Changes in accounting policies and disclosures

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

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

AASB 16 Leases

Transition to AASB 16

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

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

Summary of new accounting policies

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

Right-of-use assets

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

AASB Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

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

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

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

3.5. Business combination

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

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

Acquisition costs are expensed as incurred.

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

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

3.6. Goods and Services Tax (GST)/VAT

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

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

3.7. Notes to the financial statements

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

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

3.8. Critical accounting estimates

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

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

4. Segment information

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

The detailed revenue from the four operating segments are then combined with a whole of company expense analysis which is reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources.
The CODM reviews segment revenue with EBITDA (earnings before interest, tax, depreciation and amortisation) at a whole of business level. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

5. Revenue

Aerometrex generates revenue from two principle sources:

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

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

5.1. Accounting policy

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

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

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

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

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

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

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

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

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

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

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

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

[1] Customers were serviced from the Australian operations

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

5.2. Government grants

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

5.3. COVID-19 related grants and credits

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

6. Income tax

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

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

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

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

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

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

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

7. Cash and cash equivalents

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

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

8. Trade and other receivables

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

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

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

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

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

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

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

Critical accounting estimate

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

9. Contract assets

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

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

10. Other assets

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

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

11. Property, plant and equipment

	Land	Buildings	Plant & Equipment	Capital Work in Progress	Total $'000
As at 30 June 2020					
Cost	794	2,395	16,119	3,876	**23,184**
Less Accumulated Depreciation	-	(214)	(6,606)	-	**(6,820)**
Carrying amount at the end of the year	**794**	**2,181**	**9,513**	**3,876**	**16,364**
Reconciled as:					
Cost as at 1 July 2019	794	2,395	11,367	-	**14,556**
Additions	-	-	4,799	3,876	**8,675**
Disposals	-	-	(45)	-	**(45)**
Cost as at 30 June 2020	**794**	**2,395**	**16,121**	**3,876**	**23,186**
Accumulated Depreciation as at 1 July 2019	-	(124)	(4,632)	-	**(4,756)**
Disposals	-	-	45	-	**45**
Depreciation	-	(90)	(2,021)	-	**(2,111)**
Accumulated Depreciation as at 30 June 2020	**-**	**(214)**	**(6,608)**	**-**	**(6,822)**
Net carrying value as at 30 June 2020	**794**	**2,181**	**9,513**	**3,876**	**16,364**
Reconciliation of carrying amount at 30 June 2020					
Carrying amount at the beginning of the year	**794**	**2,271**	**6,735**	**-**	**9,800**
Additions	-	-	4,799	3,876	**8,675**
Disposals	-	-	-	-	**-**
Depreciation	-	(90)	(2,021)	-	**(2,111)**
Carrying amount at the end of the year	**794**	**2,181**	**9,513**	**3,876**	**16,364**

Capital work in progress represents:

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

	Land	Buildings	Plant & Equipment	Capital Work in Progress	Total $'000
As at 30 June 2019					
Cost	794	2,395	11,367	-	**14,556**
Less Accumulated Depreciation	-	(124)	(4,632)	-	**(4,756)**
Carrying amount at the end of the year	**794**	**2,271**	**6,735**	**-**	**9,800**
Reconciled as:					
Cost as at 1 July 2018	794	2,395	8,830	-	**12,019**
Additions	-	-	2,537	-	**2,537**
Disposals	-	-	-	-	**-**
Cost as at 30 June 2019	**794**	**2,395**	**11,367**	**-**	**14,556**
Accumulated Depreciation as at 1 July 2018	-	(23)	(3,236)	-	**(3,259)**
Disposals	-	-	-	-	**-**
Depreciation	-	(101)	(1,396)	-	**(1,497)**
Accumulated Depreciation as at 30 June 2019	**-**	**(124)**	**(4,632)**	**-**	**(4,756)**
Net carrying value as at 30 June 2019	**794**	**2,271**	**6,735**	**-**	**9,800**
Reconciliation of carrying amount at 30 June 2019					
Carrying amount at the beginning of the year	**794**	**2,372**	**5,595**	**-**	**8,761**
Additions	-	-	2,541	-	**2,541**
Disposals	-	-	-	-	**-**
Depreciation	-	(101)	(1,401)	-	**(1,502)**
Carrying amount at the end of the year	**794**	**2,271**	**6,735**	**-**	**9,800**

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

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

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

Leasehold property and plant and equipment under lease are depreciated over the expected useful life or over the term of the lease, whichever is shorter.

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

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

All depreciation and impairment charges are included within depreciation.

Critical accounting estimate - Useful lives of depreciable assets

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

12. Intangible assets

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

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

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

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

- Datasets: 2 years
- Contractual rights: 1-3 years (remainder of subscription term)
- Software: 3-5 years

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

All amortisation and impairment charges are included within amortisation expense.

Critical accounting estimate - Useful life of datasets

MetroMap datasets are capitalised to the statement of financial position and amortised on a straight line basis over an effective life of two years. The capitalisation and amortisation commences from the completed date of capture being the date that the dataset is made available to customers.

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

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

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

Valuation of dataset (imagery) of $1.2m

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

Valuation of contractual rights of $364k

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

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less, where applicable, any accumulated impairment losses. The Group test goodwill annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

Critical accounting estimate – Impairment of goodwill

The Group has assessed impairment at 30 June 2020 by determining the recoverable amount of the cash generating units (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.

13. Trade and other payables

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

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

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

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

14. Contract Liabilities

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

This should be read in conjunction with note 5 Revenue.

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

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

15. Financial liabilities

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

Chattel mortgages and commercial hire purchases

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

The arrangements are classified as follows:

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

Commercial bills

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

Bank bill business loans

Two bank bill business loans were established under the debt facilities with Westpac:

1. A bank bill business loan facility of $4.4m which was used to refinance the previous equipment finance under the chattel mortgages. This facility has a term of 4 years (expires October 2023). This debt was repaid following the successful completion of the IPO. This facility has a reducing limit in line with a principal and interest loan however is available to be drawn down as required. At the end of the reporting period the outstanding liability was $1k (June 2019: $4,411k chattel mortgage) with an available facility limit of $3.8m at the end of the reporting period.

2. A bank bill business loan facility of $2.04m was established in the name of AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a controlled entity of Aerometrex and the owner of Aerometrex's head office premises. The security for this debt includes a general security agreement from AMX Capital Pty Ltd as trustee for AMX Capital Trust, a first mortgage over 51-53 Glynburn Road, Glynde SA and guarantees from Aerometrex and Atlass-Aerometrex Pty Ltd. At the end of the reporting period the outstanding liability was $1.89m (June 2019: $2.035m commercial bill).

Finance arrangements

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

1. A bank business bill loan of $3.8m which expires October 2023. The available balance reduces each month in the same manner as a principal and interest however this facility can be redrawn as required during the term.
2. A pre-approved equipment line of $2m which is intended to assist with new capital purchases of plant and equipment. At the end of the reporting period the outstanding balance was $1.185m represented by the commercial hire purchases (2019: $4.4m as chattel mortgages).
3. Corporate credit card facility of $200k. Balance as at the end of the reporting period was $123k (June 2019: $106k). This balance is cleared in full on a monthly basis.
4. A $100k bank guarantee facility.

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

The facilities have the following financial covenants:

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

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

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

Convertible Notes

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

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

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

16. Employee benefits

16.1. Employee benefits

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

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

17. Other liabilities

	2020 $'000	2019 $'000
Business Acquisition Liability (Contingent Consideration)	750	-
Total	**750**	**-**

Business acquisition liability represents the second instalment payable to EagleView Technologies Inc for the acquisition of Spookfish Australia Pty Ltd. This is the maximum amount payable for the final settlement payment in relation to the acquisition of key contracts and is based on the number of customers retained on the first anniversary of the original acquisition date. This amount is a contingent liability as the calculation is dependent on a review of client retention during the twelve month period following the original settlement.

This note should be read in conjunction with note 25 Business Combination.

18. 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 2019 $'000	Recognised in profit and loss $'000	Recognised in equity $'000	30 June 2020 $'000
Non-current assets				
Property, plant and equipment	447	61	-	508
Intangible assets	359	566	-	925
Current assets				
Other assets	285	(130)	-	155
Unused income tax losses		(66)	-	(66)
Non-current liabilities				
Employee obligations	(26)	(17)	-	(43)
Current liabilities				
Contract liabilities	(78)	(436)	-	(514)
Employee obligations	(245)	(121)	-	(366)
Equity				
Capital Raising Costs		-	(429)	(429)
Net deferred tax	**742**	**(143)**	**(429)**	**170**
Total deferred tax assets	**(349)**	**(640)**	**(429)**	**(1,418)**
Total deferred tax liabilities	**1,091**	**497**	**-**	**1,588**

Deferred tax liabilities / (assets)	1 July 2018 $'000	Recognised in profit and loss $'000	30 June 2019 $'000
Non-current assets			
Property, plant and equipment	440	7	447
Intangible assets	331	28	359
Current assets			
Other assets	181	104	285
Non-current liabilities			
Employee obligations	(16)	(10)	(26)
Current liabilities			
Provisions	(22)	(56)	(78)
Employee obligations	(187)	(58)	(245)
	727	**15**	**742**
Total deferred tax assets	**(225)**	**(124)**	**(349)**
Total deferred tax liabilities	**952**	**139**	**1,091**

Deferred tax liabilities in relation to the datasets (intangible assets) have been reclassified in the current period such that for the half year ended 31 December 2019 this is now recognised against the intangible assets line. In the prior reporting period, the datasets were recognised against property, plant and equipment. There is no impact to balances stated in the statement of financial position.

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

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

Critical accounting estimate – Income tax

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

19. Share capital

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

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

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

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

20. Share based payments

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

Options granted	Beneficiary	Number	Grant date	Vesting date	Expiry date	Exercise price	Fair value at grant date
10 Dec 2019	Non executive directors	1,000,000	10 Dec 2019	10 Dec 2019	10 Dec 2021	$1.25	$0.069
10 Dec 2019	Lead manager and underwriter	944,000	10 Dec 2019	10 Dec 2021	10 Dec 2023	$1.25	$0.132
05 May 2020	Employees via ESOP	1,277,500	05 May 2020	05 May 2021	05 May 2023	$1.25	$1.001
05 May 2020	Employees via ESOP	1,277,500	05 May 2020	05 May 2022	05 May 2023	$1.25	$1.001

	2020 Options	2019 Options	2020 $'000	2019 $'000
Non executive directors	1,000,000	-	69	-
Lead manager and underwriter	944,000	-	124	-
Employees via ESOP [1]	2,555,000	-	294	-
Total options issued at 30 June	**4,499,000**	**-**	**487**	**-**

Summary of terms:

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

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

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

Fair value of share options granted during the period

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

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

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

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

20.1. Accounting policy

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

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

Critical accounting estimate – non-market vesting conditions

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

21. Finance costs and finance income

21.1. Finance income

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

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

21.2. Finance costs

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

22. Earnings per share

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

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

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

	2020 $'000	2019 $'000
(Loss) or profit attributable to equity holders of the parent	(293)	2,562
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	79,220,822	60,200,000
Effects of dilution from:		
Allotment of options to lead manager	525,019	-
Allotment of options to non executive directors	556,164	-
Allotment of options under employee share option plan (ESOP)	392,000	-
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	**80,694,005**	**60,200,000**
Basic earnings per share	($0.004)	$0.043
Diluted earnings per share	($0.004)	$0.043

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

23. Dividends

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

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

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

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

Dividend franking account

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

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

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

Accounting policy

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

24. Capital management

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

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

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

25. Business combination

On 20 May 2020, Aerometrex Limited acquired 100% of the ordinary shares of Spookfish Australia Pty Ltd for the total consideration of $1,500,000. The acquisition was treated as an asset acquisition and included the acquisition of:

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

This is a subscription business that has been merged with the existing MetroMap division of Aerometrex with the benefits of the acquisition being the customer contracts and the dataset archive which further expands the MetroMap offering. The contribution of the acquired business to the Group's revenue result in the current year was $31,000 and has had an immaterial impact on the current year.

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

Details of the acquisition are as follows:

	2020 $'000 Fair Value
Rights to historical datasets	1,198
Contractual rights - customer contracts	363
Acquisition date fair value of the consideration transferred	**1,561**

Representing:	
Cash paid or payable to vendor	1,500
Cash paid or payable in relation to acquisition costs	61
Total cash used	**1,561**

26. Contingent liabilities

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

27. Subsequent events

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

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

Telegraph Hill, San Francisco