

**SenSen Networks Pty Ltd**  
**ABN : 38 115 838 036**

**Interim Report - 31 December 2016**

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**SenSen Networks Pty Ltd**  
**Directors' Report**  
**31 December 2016**

The Directors present their report, together with the Financial Statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of SenSen Networks Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

**Directors**

The following persons were directors of SenSen Networks Pty Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Subhash Challa

William Moran

Zenon Pasieczny

Satish Gupta

**Principal activities**

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

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

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$279,831.

**Significant changes in the state of affairs**

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


**Matters subsequent to the end of the financial half-year**

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

**Auditor's independence declaration**

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

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

  
\_\_\_\_\_  
**Subhash Challa**  
Director

20 July 2017

SenSen Networks Pty Ltd

Directors' Report

31 December 2016

AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor SenSen Networks Pty Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'M Cutri', is written over a light grey watermark that says 'For personal use only'.

**M Cutri**  
Director

**BDO Audit Pty Ltd**

Brisbane, 20 July 2017

## SenSen Networks Pty Ltd

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31 December 2016

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### General Information

The financial statements cover SenSen Networks Pty Ltd as a consolidated entity consisting of SenSen Networks Pty Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is SenSen Networks Pty Ltd's functional and presentation currency.

SenSen Networks Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office:  
233 Banksia St  
Ivanhoe, VIC 3079  
Australia

Principal place of business:  
Unit 4, 71 Victoria Crescent  
Abbotsford, VIC 3067  
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

SenSen Networks Pty Ltd  
Statement of profit or loss and other comprehensive income  
For the half-year ended 31 December 2016

	Note	Consolidated Group	
		31 December 2016	31 December 2015
		\$	\$
Sales revenue		680,471	350,279
Cost of sales		(487,818)	(112,461)
Gross profit		192,653	237,818
Other income		770,312	-
Interest income		13	19
Consulting expense		(393,088)	(486,063)
Employee benefits expense		(549,924)	(394,539)
Occupancy expense		(28,628)	(43,233)
Marketing expense		(155,412)	(104,240)
Administration expense		(25,492)	(45,497)
Depreciation and amortisation expense		(4,224)	-
Finance costs		(46,919)	(25,023)
Other expenses		(39,122)	(90,734)
<b>Loss before income tax</b>		<b>(279,831)</b>	<b>(951,492)</b>
Tax (expense) income			
<b>Loss for the year</b>		<b>(279,831)</b>	<b>(951,492)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(279,831)</b>	<b>(951,492)</b>
Profit attributable to:			
Members of the parent entity		(279,831)	(951,492)
Total comprehensive income attributable to:			
Members of the parent entity		(279,831)	(951,492)

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

SenSen Networks Pty Ltd  
Statement of financial position  
As at 31 December 2016

	Consolidated Group	
	31 December 2016	30 June 2016
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	54,620	54,620
Trade and other receivables	352,225	281,107
Inventories	15,000	15,000
Other assets	5,551	13,584
<b>TOTAL CURRENT ASSETS</b>	<b>427,396</b>	<b>364,311</b>
<b>NON-CURRENT ASSETS</b>		
Other assets	24,950	24,950
Investments	2,982	2,982
Plant and equipment	118,002	121,360
<b>TOTAL NON-CURRENT ASSETS</b>	<b>145,934</b>	<b>149,292</b>
<b>TOTAL ASSETS</b>	<b>573,330</b>	<b>513,603</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,762,617	1,665,023
Borrowings	1,447,787	1,435,323
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,210,404</b>	<b>3,100,346</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	500,000	500,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>500,000</b>	<b>500,000</b>
<b>TOTAL LIABILITIES</b>	<b>3,710,404</b>	<b>3,600,346</b>
<b>NET ASSETS</b>	<b>(3,137,074)</b>	<b>(3,086,743)</b>
<b>EQUITY</b>		
Issued capital	13,004,783	12,775,283
Accumulated	(16,141,857)	(15,862,026)
<b>TOTAL EQUITY</b>	<b>(3,137,074)</b>	<b>(3,086,743)</b>

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

SenSen Networks Pty Ltd  
Statement of changes in equity  
For the half-year ended 31 December 2016

	Note	Ordinary \$	(Accumulated Losses) \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2015		12,775,283	(15,259,114)	(2,483,831)
Loss for the period		-	(951,492)	(951,492)
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period attributable to members of the parent entity</b>		-	(951,492)	(951,492)
<b>Balance at 31 December 2015</b>		<b>12,775,283</b>	<b>(16,210,606)</b>	<b>(3,435,323)</b>
Balance at 1 July 2016		12,775,283	(15,862,026)	(3,086,743)
Loss for the period		-	(279,831)	(279,831)
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period attributable to members of the parent entity</b>		-	(279,831)	(279,831)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares issued during the year		229,500	-	229,500
<b>Total transactions with owners and other transfers</b>		<b>229,500</b>	<b>-</b>	<b>229,500</b>
<b>Balance at 31 December 2016</b>		<b>13,004,783</b>	<b>(16,141,857)</b>	<b>(3,137,074)</b>

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

SenSen Networks Pty Ltd  
Statement of cash flows  
For the half-year ended 31 December 2016

	Note	Consolidated	
		31/12/2016 \$	31/12/2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		609,353	494,654
Payments to suppliers and employees		(574,910)	(611,760)
Interest received		13	19
Finance costs		(46,919)	(25,023)
Net cash provided by operating activities		(12,463)	(142,110)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(14,087)
Loan repayments received from related parties		-	-
Net cash (used in)/provided by investing activities		-	(14,087)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares			
Proceeds from borrowings		158,729	228,501
Repayment of borrowings			
Net cash provided by/(used in) financing activities		158,729	228,501
Net increase in cash held		146,266	72,304
Cash and cash equivalents at beginning of financial period		(155,819)	25,742
Cash and cash equivalents at end of financial period	2	(9,553)	98,046

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



**Note 1. Significant accounting policies**

These special purpose interim financial statements for half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of SenSen Networks Pty Ltd and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**Going concern**

The Group’s financial statements have been prepared and presented on a basis assuming it continues as a going concern. For the period ended 31 December 2016 the Group incurred a loss after income tax of \$279,831 (2015: Loss \$951,492) and had net liabilities of \$3,137,074 (June 2016: net liabilities of \$3,086,743).

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

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

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

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

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 2. Cash and cash equivalents**

	Consolidated	
	31/12/2016	31/12/2015
	\$	\$
<b>CURRENT</b>		
Cash at bank and on hand	3,473	48,046
Short-term bank deposits	51,147	50,000
	54,620	98,046

**Reconciliation of cash**

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

Cash and cash equivalents	54,620	98,046
Bank overdrafts	(64,173)	-
	(9,553)	98,046

**Note 3. Commitments**

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

**Note 4. Events after the reporting period**

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

Subsequent to 31 December 2016, Sensen has received commitments from sophisticated investors to purchase shares equivalent to \$1,000,000.

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

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**SenSen Networks Pty Ltd**  
**Directors' declaration**  
**31 December 2016**

**In the directors' opinion:**

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Subhash Challa  
Director  
20 July 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SenSen Networks Pty Ltd

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SenSen Networks Pty Ltd, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SenSen Networks Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of SenSen Networks Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

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## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SenSen Networks Pty Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

## Material Uncertainty Related to Going Concern

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

**BDO Audit Pty Ltd**



**M Cutri**  
Director

Brisbane, 20 July 2017

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