Appendix 4E

Senetas Corporation Limited

Results for announcement to the market

ACN 006 067 607

1. Details of the reporting period and the previous corresponding period

Reporting Period	Previous Corresponding Period
Financial Year ended 30 June 2017	**Financial Year ended 30 June 2016**

2. Results for announcement to the market

	30-Jun-17	30-Jun-16	Change	
	$	$	$	%
2.1. Revenues from ordinary activities	17,591,114	18,920,384	(1,329,270)	(7.03%)
2.2 Net profit after tax	2,879,103	5,218,430	(2,339,327)	(44.83%)
2.3 Other comprehensive income for the year (foreign currency translation)	(12,056)	(3,068)	(8,988)	(292.96%)
3. Net comprehensive income after tax attributable to members	2,867,047	5,215,362	(2,348,315)	(45.03%)
4. Record date for determining entitlements to the final dividend	Final dividend: not proposed			

Appendix 4E (continued)

Brief Explanation of Figures 2.1 to 2.3

FY2017 highlights:

• Operating revenue down 7% to $17.59 million (FY2016: $18.92 million) as a result of the disruption to major customer ordering patterns. As expected, the impacts were temporary and those customers' recommenced orders prior to the end of FY2017.

• Strong growth in maintenance revenue – now 46% of total revenue following strong encryptor sales growth in prior periods.

• Significant progress on developing the pipeline of new product and new market opportunities that will drive growth for Senetas in FY2018 and beyond.

• Net profit before tax $5.26 million, within previously announced guidance range (FY2016: $7.02 million)

• Gross profit margin 79%, and pre-tax profit margin 30%

• Strong cash reserves and balance sheet with no debt

• The Company's excellent R&D program focused on developing new technologies such as the 100GB encryptor, custom algorithm solutions and virtualised encryption software will enable the Company to address new market opportunities that will drive growth for Senetas and shareholders in FY2018 and beyond

OPERATIONAL HIGHLIGHTS:

Development of the 100GB encryptor, custom algorithm products, and version 1 of Senetas' virtual software encryption product were completed during FY2017:

• The 100GB hardware encryptor received FIPS certification and has undergone successful testing with customers

• Custom algorithm prototypes have been exported for testing and certification

• The software based virtual encryptor (CV1000) has undergone successful testing and further development continues working closely with customers to address their needs for robust encryption

• Senetas has also developed a product specific virtual encryptor to integrate with an optical network provider's technology which will cover Layer 2, 3 and 4 markets (including the Internet), without compromising network performance. Senetas has received significant interest in the Company's core capabilities in the field of encryption

• SureDrop beta testing currently underway with initial group of customers

• Senetas' crypto agile technology architecture becoming increasingly important in an extremely high-risk cyber security environment

Whilst the sales disruption in FY2017 was unfortunate, the business made significant progress during the year on developing the pipeline of new product and new market opportunities that will drive growth for Senetas in FY2018 and beyond.

As announced in February 2017, the normal ordering patterns of some of our largest customers were disrupted as they undertook reviews and upgrades to their existing networks, however, as expected the impacts of the disruption have been temporary and those customers recommenced ordering before the end of FY2017. We expect no ongoing impacts in FY2018.

While orders for new products were delayed during the year, maintenance revenue was a stabilising factor. Maintenance revenue increased by 16% to account for 46% of total operating revenue. This revenue stream helps us support our customers post sale, ensures that any issues are proactively addressed and improves our alignment with our partner organisations. As more encryptors are sold and remain in operation the revenue stream will provide a level of earnings predictability and reliability.

Appendix 4E (continued)

During the year we have continued to invest in our relationship with Gemalto and are working closely with them to improve sales of our product to government and corporate customers. Our products are a key component of the Gemalto product suite and Senetas staff continue to be actively engaged in supporting the sales process.

The enhancement of our hardware encryption products, through the 100GB product and custom algorithm offering has seen a very positive response from both Gemalto and our end customers. These market leading products continue our commitment to security without compromise, and were developed in direct response to customer requests to better secure their ultra-high-speed Layer 2 networks.

Further we have seen recently that Senetas' crypto agile technology is becoming more important from a cyber security standpoint given the introduction of quantum computing in the near future. Any business that bases its security on encryption that is embedded in silicon and multipurpose hardware devices will rue the day when its encryption algorithms have been cracked and they cannot replace them in real time. Senetas has always had an architecture that allows for such an eventuality.

This investment in the future has been enabled through Senetas' strong financial position, with net assets up 16% during the period, with no debt, and cash on hand of more than $20 million.

R&D and New Product Development

Senetas' highly innovative and responsive R&D capability remains the Company's core focus and will be the major driver of growth prospects and increased profitability going forward.

FY2017 marked the commercialisation of development on the 100G encryptor, the custom algorithm products, and version 1 of Senetas' virtual encryption product. Total R&D expenditure moderated during the year due to lower external contractor costs as the 100G and custom algorithm developments wound down.

Hardware Encryption Solutions

100G encryptor

Our 100Gbps encryptor received FIPS certification in April 2017 and has now successfully completed customer trials with 2 large multinationals. We are expecting our first sales of this product in FY2018. The product was developed to satisfy the increasing needs of our largest corporate customers who have been looking to upgrade their network speed and infrastructure from 10Gbps to 100Gbps. This transition to faster networks will be a natural progression for many organisations that handle and move a lot of sensitive information and Senetas is well positioned to capitalise on this opportunity..

Interest in the 100G encryptor is increasing, with potential customers including cloud service providers, global telecommunications companies, large government agencies and other large corporates. Encouragingly, a number of the interested parties have not previously been customers of Senetas.

Custom algorithm products

Our custom encryption algorithm product development has been completed and prototypes have been exported for testing and certification. This product allows customers to select their own encryption algorithm, thereby giving security control to our clients. Whilst the certification process may take up to 2 years to complete, sales can commence once customer testing is complete. This is a new and potentially very large market for Senetas and there are currently no competing products that match our product capabilities.

Software Encryption Solutions

Virtual encryption

Trials of Senetas' first software based virtual encryption technology was successfully undertaken in the first half of FY2017 and customers have now included the solution in tender proposals to end users.

Software based virtualised encryption is an emerging technology, and Senetas' developers are continuing to work with customers to further develop the scale and use cases for the product (version 2), including larger scale opportunities (+10,000 users) with 'zero-touch' deployment. Sales of version 1 are expected in FY2018 although sales volume is not expected to be significant until version 2 is released. Senetas expects version 2 to be completed before the end of FY2018 and for it to potentially open up a significant revenue opportunity for Senetas in FY2019 and beyond.

Appendix 4E (continued)

Hybrid networks

A number of Senetas customers run hybrid Layer 2 and Layer 3 networks and have made enquiries of Senetas to provide an integrated solution with capabilities across both networks. To better serve existing and potential customers Senetas' engineers are investigating the possibility of re-engineering encryptors – both hardware and virtual – to enable this capability. Achieving this has the potential to substantially expand the addressable market for Senetas products.

We are also working to further develop Senetas' software virtual encryptor to operate across Layer 3 and 4 markets, which make up over 70% of all networks. Importantly, it will allow our existing Layer 2 clients to now secure even more of their network traffic. While development of this product is still at a relatively early stage, we expect the capability, when ready, to increase the addressable market for our encryption solutions.

Security Tools

SureDrop

SureDrop was acquired by Senetas in February 2017 and is now market ready. The product is being trialled by customers in partnership with a large Australian telecommunications company and it is expected to be revenue producing in the second half of FY2018. As the revenue model is based on user subscription it will add another source of recurring revenues.

European Certification

Senetas has commenced obtaining an additional certification in the European market which the Company expects will open up additional sales opportunities in markets where Senetas currently cannot compete. The expected cost for undertaking the European certification will be $0.40m - $0.50m in FY2018 with the process expected to be completed prior to June 2018. Once obtained, the certification will allow sales to customers in relevant markets from FY2019. Certification in multiple jurisdictions is a measure of the quality and technical advancement of our devices. It is also a key criteria for government contracts and many corporates that deal with government agencies.

Expected FY2018 R&D Expenditure

R&D expenditure in FY2018 is expected to increase by approximately $0.80m. The expense increase is associated with costs of a new European certification and increased engineering staff working on virtualised encryption software.

Balance Sheet and Cash Flow

Senetas' balance sheet continues to strengthen and provides significant capacity to support both organic growth and investment. Net assets increased 16% to $21.48 million and the cash balance at 30 June 2017 was $20.09 million.

Net operating cash flow was $1.70 million in FY2017 which was lower than FY2016 reflecting lower sales.

The Board periodically reviews its capital management policy and in so doing takes into account a variety of factors including R&D and other investment opportunities, financial returns, risk and liquidity considerations which might impact Senetas' business.

As a rapidly growing R&D technology company, the Board continues to implement a conservative capital management policy in order to conserve capital for continued investment in attractive R&D product development, as well as to ensure that Senetas is well positioned to take advantage of other compelling investment opportunities.

Appendix 4E (continued)

Outlook

With the sales disruption in FY2017 now behind us and a strong pipeline of new product and new market opportunities ahead of us we expect an improvement in financial performance in FY2018.

Continued growth in data flows across Layer 2 networks, the desire to customise security parameters, and need for software based encryption solutions for Layer 3 and 4 networks all provide growth opportunities for the Senetas product range. The technical milestones delivered in FY2017, combined with the commercial opportunities for these products gives the Board confidence for our future financial performance and for generating growth for our shareholders.

The 100G encryptor, custom encryption and virtual encryption products are all expected to generate sales for the first time in FY2018, and longer-term opportunities from large scale virtual encryption deployments, Layer 3 compatibility, and new opportunities in Europe with further certifications will drive ongoing growth in FY2019 and beyond.

Non-Core Assets

Senetas holds minority interests in three unlisted technology companies. The goal with these companies is to leverage Senetas' experience, and maximise the value of those investments.

On 15 December 2016 Senetas announced it had invested $0.86m for a 6% interest in Smart Antenna Technologies Ltd, and on 11 May 2017 that it had acquired a minority investment in Deep Radiology Inc. The investments in the two global technology assets provide Senetas with access to learn and participate in the evolution of these businesses that are at the forefront of antenna technology for mobile devices and artificial intelligence (deep learning) for (initially) medical applications and developing exciting products that present important opportunities for joint technology collaboration.

<u>EON Realty Inc.</u>

Senetas acquired a minority interest in EON Reality Inc. in 2000 but its value was subsequently written down and currently has a carrying value of zero on Senetas' balance sheet. EON Reality Inc. is a world leader in augmented and virtual reality based knowledge transfer for industry and education – an area that is gaining increased attention and interest.

As noted in Senetas' historic financial statements, the board has determined that no value should be ascribed to the investment until a liquidity event such as a capital raising, merger or IPO could provide the board with an independent value of the investment. For further information about Senetas' current interest in EON Reality Inc. investors are referred to the Company's annual report which will be released to the market by 29 September 2017.

In May 2017 EON Reality Inc. formed an IPO committee to facilitate a public listing on NASDAQ. At this stage, the timing of an IPO and the potential value of Senetas' investment in EON Reality Inc. remain unclear, however, a process is currently underway to appoint advisors to support the IPO and Senetas will provide regular updates on the status of this investment as information becomes available.

Appendix 4E (continued)

5. Details of dividend / distribution payments: None

Interim Dividend: None

Final Dividend: Not Proposed

6. Details of Divided Reinvestment Plan N/A

7. Movements in Retained Earnings Please refer to Statement of Changes in Equity

8. NTA backing

	30-Jun-17 (Cents Per Share)	30-Jun-16 (Cents Per Share)
Net tangible asset backing per ordinary security	1.92	1.65

9. Details of entities over which control has been gained or lost during the period N/A

10. Details of Associates / Joint Venture Holdings N/A

11. Other information on financial statements N/A

12. Foreign Entities – accounting standards used to prepare report Senetas Europe Ltd - IFRS

13. Other Information None

Compliance Statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and other standards acceptable to the ASX.
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts which are in the process of being audited. At the completion of the audit, an unqualified audit report is expected to be issued on these financial statements.
5. The entity has a formally constituted audit committee.

Francis W. Galbally

Chairman

Date: 28 August 2017

Appendix 4E FOR THE YEAR ENDED 30 JUNE 2017

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Corporate Information

Non-Executive Directors

Francis W. Galbally

Lachlan P. Given

Kenneth J. Gillespie

Lawrence D. Hansen

Executive Director and Chief Executive Officer

Andrew R. Wilson

Company Secretary

Brendan Case

Registered Office

Senetas Corporation Limited

312 Kings Way

South Melbourne VIC 3205

Phone: +61 3 9868 4555

Facsimile: +61 3 9821 4899

Web: www.senetas.com

Email: corporate@senetas.com

Share Register

Computershare Registry Services Pty Ltd

Yarra Falls, 452 Johnston Street,

Abbotsford VIC 3061

Phone: + 61 3 9415 5000
Toll Free 1300 13 83 25
Facsimile: + 61 3 9473 2500

Investor Relations

For all investor enquiries

Phone: 1300 787 795

Email: investor@senetas.com

Auditors

Ernst & Young

8 Exhibition Street

Melbourne VIC 3000

Annual General Meeting Date and Place

Annual General Meeting of shareholders of Senetas Corporation Limited (Company) will be held at Royce Hotel 379 St Kilda Road Melbourne VIC 3004, Thursday 16 November 2017.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	*CONSOLIDATED*	
		2017 *$*	2016 *$*
Revenue	1(a)	17,591,114	18,920,384
Cost of sales		(3,642,649)	(3,228,899)
Gross profit		13,948,465	15,691,485
Other income	1(b)	2,441,300	2,516,781
Depreciation and amortisation expense	1(c)	(464,370)	(346,048)
Employee benefits expense	1(d)	(5,753,968)	(6,124,898)
Administration expenses	1(e)	(3,248,918)	(2,748,677)
Other expenses	1(f)	(1,658,045)	(1,967,044)
Profit before income tax		**5,264,464**	**7,021,599**
Income tax expense		(2,385,361)	(1,803,169)
Net profit after income tax		**2,879,103**	**5,218,430**
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Foreign currency translation		(12,056)	(3,068)
Other comprehensive income for the year		**(12,056)**	**(3,068)**
Total comprehensive income for the year		**2,867,047**	**5,215,362**
Profit for the period is attributable to:			
Owners of the parent		2,879,103	5,218,430
		2,879,103	5,218,430
Total comprehensive income for the period attributable to:			
Owners of the parent		2,867,047	5,215,362
		2,867,047	5,215,362
Earnings per share			
Basic, profit for the year attributable to ordinary equity holders of the parent.		0.0027	0.0048
Diluted, profit for the year attributable to ordinary equity holders of the parent.		0.0027	0.0048

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2017

	Notes	*CONSOLIDATED*	
		2017 *$*	2016 *$*
ASSETS			
Current assets			
Cash and cash equivalents	2	20,091,205	20,848,044
Trade and other receivables	4	5,401,453	5,926,832
Inventories		1,550,554	632,349
Prepayments		237,168	196,824
Other assets		70,768	28,258
Total Current Assets		27,351,148	27,632,307
Non-current Assets			
Long-term cash deposit		91,667	91,667
Available-for-sale investments	6	2,227,145	-
Deferred income tax asset		578,335	576,891
Property, plant and equipment		1,320,755	1,047,768
Intangible assets and goodwill		135,139	125,290
Total Non-current assets		4,353,041	1,841,616
TOTAL ASSETS		31,704,189	29,473,923
LIABILITIES			
Current Liabilities			
Trade and other payables		1,393,309	1,973,272
Income tax payable		2,372,273	1,862,754
Unearned income	5	4,073,026	4,799,771
Provisions		895,176	806,194
Total Current liabilities		8,733,784	9,441,991
Non-current liabilities			
Deferred income tax liabilities		67,252	52,720
Provisions		45,029	18,190
Unearned income - non-current	5	1,343,072	1,405,713
Other non-current liabilities		31,945	28,926
Total Non-current liabilities		1,487,298	1,505,549
TOTAL LIABILITIES		10,221,082	10,947,540
NET ASSETS		21,483,107	18,526,383
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	7	104,679,425	104,426,711
Retained earnings		(83,858,330)	(86,737,433)
Reserves		689,150	852,187
Foreign currency translation reserve		(39,998)	(27,942)
Equity attributable to the owners of the parent		21,470,247	18,513,523
Non-controlling interests		12,860	12,860
TOTAL EQUITY		21,483,107	18,526,383

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED

	Attributable to equity holders of Senetas Corporation Ltd				*Owners of the parent*	*Non controlling interest*	*Total equity*
	Contributed Equity	*Accumulated Losses*	*Foreign currency translation reserve*	*Employee Benefits Reserve*	*Total*		
	$	*$*	*$*	*$*	*$*	*$*	*$*
At 30 June 2015	**104,388,258**	**(91,955,863)**	**(24,874)**	**673,017**	**13,080,538**	**12,860**	**13,093,398**
Profit for the year	-	5,218,430	-	-	5,218,430	-	5,218,430
Other comprehensive income	-	-	(3,068)	-	(3,068)	-	(3,068)
Total comprehensive income	-	5,218,430	(3,068)	-	5,215,362	-	5,215,362
Transactions with owners in their capacity as owners							
Shares issued	-	-	-	-	-	-	-
Options issued	-	-	-	217,623	217,623	-	217,623
Options converted to shares	38,453	-	-	(38,453)	-	-	-
At 30 June 2016	**104,426,711**	**(86,737,433)**	**(27,942)**	**852,187**	**18,513,523**	**12,860**	**18,526,383**
Profit for the year	-	2,879,103	-	-	2,879,103	-	2,879,103
Other comprehensive income	-	-	(12,056)	-	(12,056)	-	(12,056)
Total comprehensive income	-	2,879,103	(12,056)	-	2,867,047	-	2,867,047
Transactions with owners in their capacity as owners							
Shares issued	-	-	-	-	-	-	-
Options issued	-	-	-	89,677	89,677	-	89,677
Options converted to shares	252,714	-	-	(252,714)	-	-	-
At 30 June 2017	**104,679,425**	**(83,858,330)**	**(39,998)**	**689,150**	**21,470,247**	**12,860**	**21,483,107**

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	*CONSOLIDATED*	
		2017	2016
		$	*$*
Cash flows from operating activities			
Receipts from customers		17,214,867	18,598,866
Payments to suppliers and employees		(16,191,906)	(14,230,350)
Receipts of R&D tax refund		210,284	401,330
Interest received		466,612	423,447
Net cash flows from operating activities	2	1,699,857	5,193,293
Cash flows used in investing activities			
Purchase of plant and equipment		(132,549)	(179,324)
Purchase of intangible assets		(84,946)	(64,755)
Investment in unlisted entities		(2,227,145)	-
Net cash flows used in investing activities		(2,444,640)	(244,079)
Net increase/(decrease) in cash and cash equivalents		(744,783)	4,949,214
Net effect of foreign currency translation		(12,056)	(3,068)
Cash and cash equivalents at beginning of period		20,848,044	15,901,898
Cash and cash equivalents at end of period	2	20,091,205	20,848,044

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

Notes to the Appendix 4E

FOR THE YEAR ENDED 30 JUNE 2017

1 REVENUES AND EXPENSES	*CONSOLIDATED*	
	2017	2016
	$	*$*
(a) Revenue		
Sale of goods	9,399,768	11,829,883
Sale of software	22,085	39,980
Product maintenance revenue	8,169,261	7,050,521
	17,591,114	18,920,384
(b) Other income		
R&D tax incentive	1,957,782	2,096,625
Interest revenue:		
Non-related parties	483,518	420,156
	2,441,300	2,516,781
(c) Depreciation and amortisation expense		
Depreciation:		
Plant and equipment	325,251	219,684
Leasehold improvements	64,021	62,495
Amortisation:		
Software	75,098	63,869
	464,370	346,048
(d) Employee benefits expenses		
Salaries & Wages	5,346,436	5,555,963
Superannuation	317,855	316,266
Termination Payouts	-	35,046
Share based payment expense	89,677	217,623
	5,753,968	6,124,898
(e) Administration expenses		
Operating lease	447,913	394,245
Travel expenditure	614,731	612,857
Telephone and internet expenditure	80,635	68,497
Insurance expenditure	138,320	113,192
Marketing expenditure	362,040	351,507
External contractors -sales and corporate	1,605,279	1,208,379
	3,248,918	2,748,677
(f) Other expenses		
Net loss / (gain) on foreign exchange	(30,924)	62,165
Inventory written off / provision	153,811	70,026
Certification, testing and direct R&D expenditure	758,293	1,188,473
Other overhead expenses	776,865	646,380
	1,658,045	1,967,044

Notes to the Appendix 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2017

2 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2017 *$*	2016 *$*
Cash at bank and on hand	3,571,821	7,237,056
Short-term deposits	16,519,384	13,610,988
	20,091,205	20,848,044

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation from the net profit/(loss) after tax to the net cash flows from operations

Net profit after tax	2,879,103	5,218,430
Adjustments for:		
Depreciation and amortisation	464,370	346,048
Unrealised foreign currency loss/(gain)	(175,446)	(125,272)
Inventory provision / written off	153,811	70,026
Share based payment expense	89,677	217,623
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	525,379	(1,884,285)
(Increase)/decrease in inventories	(1,072,016)	18,337
(Increase)/decrease in prepayments	(40,349)	16,019
(Increase)/decrease in other current assets	(42,510)	3,291
(Increase)/decrease in long term cash deposit	-	834
(Decrease)/increase in trade and other payables	(404,517)	30,666
(Decrease)/increase in deferred income tax assets	(1,443)	(63,139)
(Decrease)/increase in deferred income tax liability	14,532	4,175
Increase/(decrease) in income tax payable	509,519	610,765
(Decrease)/increase in provisions	115,821	10,039
Inventory transferred to plant & equipment	(529,707)	(399,102)
(Decrease)/increase in unearned income & other non-current liabilites	(786,367)	1,118,838
Net cash from operating activities	**1,699,857**	**5,193,293**

Notes to the Appendix 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2017

3 REVENUE BY GEOGRAPHY

The Group has only one segment - the product division. Therefore, the Group no longer prepares operating segment reporting other than the geographical segments shown below.

Revenue is attributed to geographic locations based on the location of the customers. The Company does not have external revenues from any external customers that are attributable to any foreign country other than as shown.

	2017	2016
Australia & New Zealand	2,251,682	2,293,796
United States	10,018,009	12,235,450
Europe	5,321,423	4,391,138
	17,591,114	18,920,384

4 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2017	2016
	$	*$*
Trade receivables	3,400,211	3,779,968
Net GST receivable	43,460	50,239
R&D tax incentive (i)	1,957,782	2,096,625
	5,401,453	5,926,832

(i) R&D tax incentive - a 43.5% refundable tax offset (2016: 45%).

At 30 June 2017, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired	Past due but not impaired (i)	Past due & impaired
	$	*$*	*$*
2017 Consolidated	3,400,211	-	-
2016 Consolidated	3,779,968	-	-

(i) Trade receivables outstanding beyond 91 days are past due

The fair value of trade and other receivables are deemed to approximate their carrying value.

Notes to the Appendix 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2017

5 UNEARNED REVENUE

	CONSOLIDATED	
	2017	2016
	$	$
Open balance as at 1 July	6,205,484	5,099,961
Amounts received during the year	7,379,875	8,156,044
Revenue recognised during the year	(8,169,261)	(7,050,521)
Closing balance as at 30 June	5,416,098	6,205,484
Current unearned income	4,073,026	4,799,771
Non-current unearned income	1,343,072	1,405,713
	5,416,098	6,205,484

6 AVAILABLE-FOR-SALE INVESTMENTS

	CONSOLIDATED	
	2017	2016
	$	$
Available-for-sale investments		
Unquoted equity shares (i)	2,227,145	-

(i) In May 2017, the Group acquired an interest in DeepRadiology Inc, a medical machine learning and artificial intelligence company based in the USA. In December 2016, the Group invested in Smart Antenna Technologies Ltd ("SAT"), a smart antenna technology company based in the UK.

The Group has non-controlling interests in the entities as shown in the equity table below.

	% EQUITY INTEREST	
	2017	2016
DeepRadiology Inc	3.45%	-
Smart Antenna Technologies Ltd	5.76%	-

As there is no active market for valuation of shares in these investments, management uses a number of assumptions for the inputs into a valuation model. The probabilities of the estimates used can be reasonably assessed and are used in management's estimation of the fair value of these unquoted equity investments. The investment is currently held at cost which is assessed as approximating to fair value at the time of this report.

7 CONTRIBUTED EQUITY

	No. of shares	*No. of shares*
	2017	2016
Ordinary shares - issued and fully paid	1,080,956,948	1,078,641,948

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	No. of shares	*$*
Movement in ordinary shares on issue		
At 30 June 2016	1,078,641,948	104,426,711
Employee performance rights converted to share	2,315,000	252,714
At 30 June 2017	1,080,956,948	104,679,425