

APPENDIX 4D

Half-Year Report for the period ended 30 June 2017

Results for announcement to the Market

Financial Performance:

SPOOKFISH LIMITED (ASX: SFI) - Consolidated			
(AUD)	Half-year ended 30 June 2017 \$	Half-year ended 30 June 2016 \$	Movement %
Revenue	4,125,069	32,690	N/A
(Loss) before tax attributable to members	(5,921,412)	(3,716,009)	59%
(Loss) after tax attributable to members	(5,921,412)	(3,716,009)	59%

Review of Operations

Refer to Directors' Report included in the attached half-year financial report.

Dividends

No dividends were paid or declared for payment during the half-year period under review.

Earnings Per Share

	Half-year ended 30 June 2017	Half-year ended 30 June 2016
Loss per share (Basic & Diluted)	0.67 cents	0.45 cents

Net Tangible Asset Backing

	Half-year ended 30 June 2017	Half-year ended 30 June 2016
Net tangible asset backing	1.20 cents	0.51 cents

Entities Acquired and Disposed During the Period

During the half-year, the Group deregistered Mystic Sands Pty Ltd.

Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

Signed in accordance with a resolution of directors.

On behalf of the Directors:



Jason Marinko

Executive Chairman

Signed at Perth this 29th day of August 2017



SPOOKFISH LIMITED
AND CONTROLLED ENTITIES

ABN 24 123 511 017

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2017

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Corporate Information

Directors

Jason Marinko (Executive Chairman)
Shannon Robinson (Non-Executive Director)
Simon Cope (Executive Director)

Company Secretaries

Shannon Robinson
Ian Magee

Registered Office

10 Brodie Hall Drive
Technology Park
Bentley
WA 6102

Website

www.spookfish.com

ABN

24 123 511 017

Auditors

RSM Australia Partners
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Perth
WA 6000

Securities Exchange

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Level 40 Central Park
152-158 St George's Terrace
Perth
WA 6000

ASX Code: *SFI*

Share Registry

Computershare
Level 11
172 St George's Terrace
Perth
WA 6000

Directors' Report

Your directors present their report, together with the interim financial statements, on the consolidated entity of Spookfish Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2017.

Directors

The following persons held the office of director of Spookfish Limited during the half-year and up to the date of this report:

Mr Jason Marinko (Executive Chairman)
Ms Shannon Robinson (Non-Executive Director)
Mr Simon Cope (Executive Director)

Principal Activities

The principal activities of the Group during the period were the development and commercialisation of premium geospatial imagery products and services.

Review of Operations for the Half Year ended 30 June 2017

During the period, Spookfish achieved many key milestones in relation to developing and commercialising its proprietary next generation aerial imaging capture technology in Australia and North America.

In April, EagleView flew its first U.S. test flight of Spookfish's next generation camera system. During an extensive testing period, EagleView conducted over 150 sorties with Spookfish staff on the ground in the U.S. to assist with training and further system development. Validation testing concluded in June with EagleView confirming that the camera system conformed with the applicable system specifications under the licence agreement entered into by EagleView and Spookfish. The acceptance of the camera system by EagleView then automatically triggered the conversion of EagleView's Convertible Notes.

Soon after the completion of testing, but subsequent to the end of the period, EagleView submitted its first large scale purchase order for multiple systems for integration into their operations in North America.

Spookfish also began limited commercial operations in Australia during the quarter to a select group of geospatial customers to enable the Company to balance the pipeline of demand with the ongoing development requirements of our North American partner. Coverage will increase over coming months, broadening the customer base, with the inclusion of additional aircraft and camera systems.

In late May, the Civil Aviation Safety Authority ("CASA") approved the first Supplemental Type Certificate ("STC") covering the aerodynamics and structural modifications to the aircraft for our next generation camera system which was a major company milestone for large scale commercial operations in both Australia and North America.

The Australian/U.S. Bilateral Aviation Safety Agreement process for acceptance by the U.S. Federal Aviation Authority ("FAA") of an Australian STC has been implemented and is well under way with the FAA project manager having had oversight of the Australian certification programme since commencement in June of last year.

During the period, Spookfish also completed a \$9.3 million Placement to U.S. partner, EagleView Technologies Inc., existing major shareholders and new blue-chip institutional investors which closed heavily oversubscribed. The funds raised will be used to expand commercial capabilities in Australia, scale up production capabilities to support EagleView in the U.S. and advance R&D on Spookfish's next generation system.

EagleView's participation in the Placement, together with the conversion of the Convertible Notes during the quarter, has resulted in EagleView establishing a 12.2% equity stake in Spookfish.

Spookfish continued to maintain a strong cash position of \$11.16 million at the end of the period despite a significant investment in equipment in preparation for a dual launch in Australia and North America. Increased spending going forward mostly relates to the scaling up of production systems for North America, which is largely recoverable from EagleView and a significant portion of which has been paid in advance.

The loss of the Group after income tax for the half-year was \$5,921,412 (2016: \$3,716,009).

Subsequent Events

Subsequent to the end of the period, EagleView Technologies Inc. placed their first order for multiple Spookfish camera systems. It is anticipated that the systems will be delivered from the fourth quarter of 2017 and will become available for commercial operation in North America. Under the terms of the order, EagleView has paid Spookfish an upfront deposit to enable Spookfish to immediately commence fulfilling the order.

Subsequent to the end of the period, the Company has issued 2,325,000 ordinary shares on the exercise of unlisted options and 632,372 ordinary shares on the exercise of vested performance rights.

There are no other matters or circumstances which have arisen since 30 June 2017 to the date of this report which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the 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 report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Jason Marinko
Executive Chairman

Perth, Western Australia, 29th August 2017

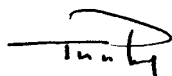
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Spookfish Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 29 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2017

	Consolidated	
	Half Year 30 June 2017 \$	Half Year 30 June 2016 \$
REVENUES		
Development & production of capture systems	3,910,631	-
Interest revenue	59,642	56,131
Other revenue	154,796	(23,441)
	<u>4,125,069</u>	<u>32,690</u>
COSTS OF SALES		
Development & production of capture systems	(3,910,631)	-
Net Income	214,438	32,690
EXPENSES		
Employee benefit expenses	(2,173,436)	(1,430,698)
Share based payments expense	4 (1,128,596)	73,871
Depreciation & amortisation expense	(432,804)	(163,376)
Technology development & operating expenses	(1,911,434)	(1,486,179)
Advertising & marketing expenses	(140,370)	(151,930)
Travel expenses	(64,321)	(105,054)
Occupancy expenses	(118,220)	(100,897)
Corporate & other expenses	(166,669)	(384,436)
Total Expenses	<u>(6,135,850)</u>	<u>(3,748,699)</u>
(Loss) before income taxes	(5,921,412)	(3,716,009)
Income tax expense	-	-
(Loss) for the period	(5,921,412)	(3,716,009)
Other comprehensive income	-	-
Total comprehensive loss for the period	(5,921,412)	(3,716,009)
Basic and diluted loss per share (cents)	(0.67)	(0.45)

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

Consolidated Statement of Financial Position

As at 30 June 2017

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	11,159,022	6,788,249
Trade and other receivables	1,329,674	421,434
Total Current Assets	12,488,696	7,209,683
Non-Current Assets		
Plant and equipment	2,163,338	1,528,664
Intangible assets	6,496,840	6,496,840
Other assets	584,931	530,799
Total Non-Current Assets	9,245,109	8,556,303
TOTAL ASSETS	21,733,805	15,765,986
LIABILITIES		
Current Liabilities		
Trade and other payables	2,107,168	676,568
Borrowings	6	-
Provisions	257,950	196,785
Total Current Liabilities	2,365,118	6,876,088
TOTAL LIABILITIES	2,365,118	6,876,088
NET ASSETS	19,368,687	8,889,898
EQUITY		
Issued capital	5	53,171,735
Reserves		37,900,130
Accumulated losses		5,816,368
		(39,619,416)
TOTAL EQUITY		8,889,898

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

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

Consolidated	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Other Equity	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2016	36,953,163	(25,643,220)	2,321,729	-	13,631,672
Total comprehensive (loss)					
(Loss) for the half-year	-	(3,716,009)	-	-	(3,716,009)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss) for the half-year	-	(3,716,009)	-	-	(3,716,009)
Transactions with owners, recorded directly in equity					
Shares issued upon exercise of options	540,000	-	-	-	540,000
Issue of convertible notes (assessed equity value)	-	-	-	385,888	385,888
Share based payments	-	-	(73,871)	-	(73,871)
Balance at 30 June 2016	37,493,163	(29,359,229)	2,247,858	385,888	10,767,680
Balance at 1 January 2017	37,514,242	(33,698,004)	4,687,772	385,888	8,889,898
Total comprehensive (loss)					
(Loss) for the half-year	-	(5,921,412)	-	-	(5,921,412)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss) for the half-year	-	(5,921,412)	-	-	(5,921,412)
Transactions with owners, recorded directly in equity					
Shares issued upon exercise of options	398,464	-	-	-	398,464
Securities issued during the period (net of costs)	8,870,406	-	-	-	8,870,406
Conversion of convertible notes	6,388,623	-	-	(385,888)	6,002,735
Share based payments	-	-	1,128,596	-	1,128,596
Balance at 30 June 2017	53,171,735	(39,619,416)	5,816,368	-	19,368,687

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

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2017

	Consolidated	
	Half Year 30 June 2017 \$	Half Year 30 June 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,148,454	-
Interest received	62,883	66,352
Grant funds received	55,580	-
Payments to suppliers and employees	(7,141,089)	(3,592,659)
Net cash used in operating activities	(3,874,172)	(3,526,307)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(1,150,543)	(83,216)
Payment for security deposit on lease	(54,132)	-
Net cash used in investing activities	(1,204,675)	(83,216)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net)	8,870,406	540,000
Proceeds from exercise of options	579,214	-
Proceeds from issue of convertible notes	-	6,002,735
Net cash provided by financing activities	9,449,620	6,542,735
Net increase in cash held	4,370,773	2,933,212
Cash and cash equivalents at the beginning of the half-year	6,788,249	6,694,125
Cash and cash equivalents at end of half-year	11,159,022	9,627,337

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

Notes to the Financial Statements

For the half-year ended 30 June 2017

Note 1 – Reporting Entity

Spookfish Limited is a company domiciled in Australia. These interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2017, comprise the Company and its controlled entities (together referred to as the 'Group').

Note 2 – Basis of Preparation

Statement of Compliance

These interim financial statements are general purpose financial statements prepared in accordance with requirements of Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim financial statements do not include full disclosures of the type normally included in an annual report. It is recommended that these interim financial statements be read in conjunction with the annual financial report for the year ended 31 December 2016 and any public announcements made by Spookfish Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These interim financial statements were authorised for issue on 29th August 2017.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New and Revised Accounting Standards

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

Notes to the Financial Statements

For the half-year ended 30 June 2017

Note 3 – Segment Information

During the period the business of the consolidated entity consisted of one operating segment, namely the commercialisation of premium geospatial imagery products and services, and in one geographical segment, being Australia.

Note 4 – Share Based Payments

During the period the company awarded 6,599,453 performance rights to acquire fully paid ordinary shares at no cost to employees in respect of their employment during 2016. The rights vest subject to continued employment in three tranches on 1 July 2017, 1 January 2018 and 1 January 2019. Each tranche is valued based on face value of the rights on issue and on estimated probability of vesting. There were no other new share based payment transactions during the period.

The share based payments expense during the period comprises amortisation of the values of existing share based transactions as follows:

	Consolidated	
	Half Year 30 Jun 2017	Half Year 30 Jun 2016
	\$	\$
Options – EagleView Technologies Inc.	799,788	-
Options - J. Marinko	47,579	2,080
Performance rights – J. Marinko (cancellation)	-	(75,951)
Performance rights - Employees	281,229	-
	1,128,596	(73,871)

Note 5 – Issued Capital

	Consolidated	
	30 Jun 2017	31 Dec 2016
	\$	\$
Ordinary shares - fully paid	53,171,735	37,900,130

	Number of shares	\$
Movements in issued and fully paid shares		
Opening balance at 1 January 2017	835,213,943	37,514,242
Shares issued upon exercise of options	10,719,286	398,464
Shares issued as a result of share placement	124,000,000	8,870,406
Shares issued upon conversion of notes (Note 6)	100,045,583	6,002,735
Shares issued on exercise of performance rights	1,166,415	-
Convertible note – equity component (Note 6)	-	385,888
Closing balance at 30 June 2017	1,071,145,227	53,171,735

Notes to the Financial Statements

For the half-year ended 30 June 2017

Note 6 – Borrowings

During the half-year ended 30 June 2016, under the terms of the agreement between the Group and EagleView Technologies Inc ('EagleView'), EagleView invested an amount of \$6,002,735 through convertible notes with the following terms:

- Number of notes – 100,045,583;
- Face value - \$0.06 each;
- Upon conversion each note converts into one fully paid ordinary share;
- The notes are interest free;
- The notes do not afford dividends or voting rights.

On 29 June 2017, the notes automatically converted into shares upon EagleView accepting delivery of the first data capture system delivered in accordance with the Agreements.

Note 7 – Dividends

No dividend has been declared or paid during the half-year ended 30 June 2017 (2016: Nil).

Note 8 – Options

During the half-year to 30 June 2017, 10,719,286 fully paid ordinary shares were issued as a result of the exercise of options. No other options were issued or exercised during the period.

Note 9 – Contingent Liabilities

Under the terms of the License, Royalty and Equity Agreement with EagleView Technologies Inc. ('EagleView'), the Group supplies spatial imagery capture systems to EagleView and EagleView pays the Group amounts equal to the cost of those systems, in progress instalments. If for any reason the Group elects not to renew this agreement on the due date, EagleView may elect to return capture systems in use. In this event, EagleView are entitled to a refund equal to their book value, based on a straight-line, five-year depreciation schedule. At the reporting date, costs of \$6,230,195 have been incurred on capture systems for EagleView, of which EagleView has paid the Group \$5,245,729 and the balance outstanding of \$984,466 is included in Other Receivables.

There were no other changes to contingent liabilities since 31 December 2016.

Note 10 – Commitments

On 28 April 2017 the Group entered into an agreement to lease office premises at 10 Brodie-Hall Drive, Bentley, Western Australia and relocated its head office to that location on 28 May 2017. The lease agreement formally commenced on 1 July 2017 for a period of two years with options to extend for a further four years and the annual rent is \$144,800 (ex. GST). A security deposit of \$32,807 and a deposit to secure a bank guarantee of \$54,132 have been provided by the Group under the terms of the lease.

There are no other significant new commitments that have been entered into since 31 December 2016.

Notes to the Financial Statements

For the half-year ended 30 June 2017

Note 11 – Events Subsequent to Reporting Date

Subsequent to the end of the period, EagleView Technologies Inc. placed their first order for multiple Spookfish camera systems. It is anticipated that the systems will be delivered from the fourth quarter of 2017 and will become available for commercial operation in North America. Under the terms of the order, EagleView has paid Spookfish an upfront deposit to enable Spookfish to immediately commence fulfilling the order.

Subsequent to the end of the period, the Company has issued 2,325,000 ordinary shares on the exercise of unlisted options and 632,372 ordinary shares on the exercise of vested performance rights.

Other than the above, there are no other matters or circumstances which have arisen since 30 June 2017 to the date of this report which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Directors' Declaration

In the opinion of the directors of Spookfish Limited ('the company'):

1. The financial statements and notes thereto of the Group, as set out within this financial report, are in accordance with the *Corporations Act 2001*, including:
 - (a) Complying with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date.
2. 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



Jason Marinko
Executive Chairman

Dated this 29th August 2017



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SPOOKFISH LIMITED

We have reviewed the accompanying half-year financial report of Spookfish Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 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 30 June 2017 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 Spookfish Limited, 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.

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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 Spookfish Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

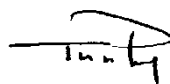
Conclusion

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 Spookfish Limited 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 30 June 2017 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*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 29 August 2017