



SHARK MITIGATION SYSTEMS LIMITED
ABN 77 149 970 445

APPENDIX 4E
PRELIMINARY FINAL REPORT
For the year ended 30 June 2017

Rule 4.3A

APPENDIX 4E

Preliminary Final Report

1 Company details

Name of entity

Shark Mitigation Systems Limited

ABN or equivalent company reference	Financial year ended ("current year")	Financial year ended ("previous corresponding year")
77 149 970 445	30 June 2017	30 June 2016

2 Results for announcement to the market

					\$
2.1	Revenue from ordinary activities	down	49.96%	to	189,403
2.2	Profit from ordinary activities after tax for the year	down	204.29%	to	(2,203,475)
2.3	Profit for the year attributable to members	down	204.29%	to	(2,203,475)

2.4	Dividends	Amount per share cents	Franked amount per share cents
	Final	Nil	Nil
	Interim	Nil	Nil

2.5	Record date for determining entitlement to dividend	N/A
-----	---	-----

2.6 Brief explanation of figures (if necessary)

The net loss for the consolidated entity after providing for income tax amounted to \$2,203,475 (2016: loss of \$724,129).

The loss for the year includes \$591,830 of amortisation of capitalised research and development expenses following the successful commercialisation of the Clever Buoy and also \$347,875 of share-based payments to secure key personnel and consultants who are spearheading the Group's operations.

**3 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
Revenue from continuing operations		
Sales	189,403	378,481
Other revenue	481,624	5,884
Total Revenue	671,027	384,365
Share of (loss) / profit of associate	(49,767)	48,290
Expenses		
Other operating expenses	(172,323)	
Research and development expenses	(430,141)	-
Marketing and business development expenses	(329,828)	(89,945)
Mobile equipment expenses	(10,412)	
Personnel expenses	(1,060,676)	(164,945)
General and administrative expenses	(201,123)	(71,569)
Depreciation and amortisation	(749,597)	(1,837)
Professional fees	(335,890)	(433,413)
Finance expenses	(5,140)	(1,485)
Foreign exchange (loss) / gain	(8,995)	988
Listing expense on acquisition of Shark Mitigation	-	(431,711)
Results from operating activities	(2,682,865)	(761,262)
Loss before income tax	(2,682,865)	(761,262)
Income tax benefit	479,390	37,133
Loss for the year from continuing operations	(2,203,475)	(724,129)
Loss for the year	(2,203,475)	(724,129)
Other comprehensive income	-	-
Total comprehensive loss for the year	(2,203,475)	(724,129)
Loss attributable to owners of the Company	(2,203,475)	(724,129)
Total comprehensive loss attributable to owners of the Company	(2,203,475)	(724,129)
Loss per share		
Basic and diluted loss per share (cents per share)	(3.67)	(2.10)

**3 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

Notes to the consolidated statement of comprehensive income

	2017	2016
	\$	\$
<i>Revenue</i>		
Rendering of services	86,135	369,694
Royalties and commissions	103,268	8,787
	<u>189,403</u>	<u>378,481</u>
 <i>Other revenue</i>		
Government grants	461,800	-
Finance income	19,824	5,484
Other	-	400
	<u>481,624</u>	<u>5,884</u>
 <i>Expenses</i>		
<i>Personnel expenses</i>		
Key management personnel remuneration	399,135	164,945
Wages and salaries	326,424	-
Contributions to defined contribution plans	31,010	-
Provision for annual leave	20,842	-
Employee share-based payments	276,446	-
Other employee benefits	6,819	-
Key management personnel remuneration	<u>1,060,676</u>	<u>164,945</u>
 <i>General and administrative expenses</i>		
Occupancy and other related costs	12,714	509
Computers and E. Commerce	5,637	1,386
Communication expenses	14,523	5,085
Office administration	19,436	5,335
Travel expenses	105,348	11,572
Share registry and statutory fees	43,465	47,682
	<u>201,123</u>	<u>71,569</u>
 <i>Professional fees</i>		
Consultancy fees	69,500	281,252
Legal fees	9,605	77,840
Audit fees	44,500	38,850
Accounting and administration fees	72,000	30,000
Tax consultancy fees	140,285	5,471
	<u>335,890</u>	<u>433,413</u>

4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	2017	2016
	\$	\$
Assets		
Cash and cash equivalents	624,250	2,777,198
Trade and other receivables	57,823	104,594
Inventory	8,379	-
Prepayments	31,869	16,536
Current tax assets	408,183	242,637
Total current assets	1,130,504	3,140,965
Intangible assets	558,164	1,134,829
Property, plant and equipment	551,258	-
Investment in associates	13,167	48,292
Loans to associates	16,034	14,420
Deferred tax assets	-	1,745
Total non-current assets	1,138,623	1,199,286
Total assets	2,269,127	4,340,251
Liabilities		
Trade payables	199,424	186,073
Loans and borrowings	22,015	12,161
Employee benefits	46,838	6,410
Deferred income	-	20,745
Total current liabilities	268,277	225,839
Loans and borrowings	47,775	-
Deferred tax liabilities	-	306,047
Total non-current liabilities	47,775	306,047
Total liabilities	316,052	531,436
Net assets	1,953,075	3,808,815
Equity		
Issued capital	3,983,003	3,936,393
Reserves	607,625	306,500
Retained earnings (losses)	(2,637,553)	(434,078)
Total equity	1,953,075	3,808,815

**5 CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from Customers	598,251	421,735
Cash paid to suppliers and employees	(1,486,326)	(615,903)
Interest paid	(3,740)	-
Interest received	19,149	5,484
Payments for research and development	(430,141)	-
Income taxes received / (paid)	9,542	(1,308)
Net cash used in operating activities	(1,293,265)	(189,992)
Cash flows from investing activities		
Loans to an associate	(16,256)	(14,421)
Payments for property, plant and equipment	(709,026))	(684)
Payments for capitalised research and development	(105,889)	(693,873)
Cash held by Shark Mitigation Systems Limited at acquisition date	-	408,861
Net cash used in investing activities	(831,171)	(300,117)
Cash flows from financing activities		
Proceeds from issue of share capital	-	3,500,000
Proceeds from borrowings	-	23,430
Payment of capital raising costs	(3,333)	(282,591)
Payment of transaction costs related to loans	(60)	(60)
Repayment of loans from related parties	-	-
Repayment of premium funding facility	(25,119)	(12,694)
Net cash (used in) / from financing activities	(28,512)	3,228,085
Net change (decrease) / increase in cash and cash equivalents	(2,152,948)	2,737,976
Cash and cash equivalents at 1 July	2,777,198	39,222
Cash and cash equivalents at 30 June	624,250	2,777,198
Reconciliation of cash and cash equivalents		
Bank balances and cash	624,150	2,777,098
Restricted cash	100	100
Cash and cash equivalents at 30 June	624,250	2,777,198

**6 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Share capital \$	Equity-based benefits reserve Options \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	100		290,051	290,151
Total comprehensive loss for the year			(724,129)	(724,129)
Transactions with owners in their capacity as owners				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	4,528,577			4,528,577
Share-based payment transactions		306,500		306,500
Capital raising costs	(592,284)			(592,284)
Total transactions with owners	3,936,293	306,500	-	4,242,793
Balance at 30 June 2016	3,936,393	306,500	(434,078)	3,808,815
Balance at 1 July 2016	3,936,393	306,500	(434,078)	3,808,815
Total comprehensive loss for the year			(2,203,475)	(2,203,475)
Transactions with owners in their capacity as owners				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	46,750	-	-	46,750
Share-based payment transactions	-	301,125	-	301,125
Capital raising costs	(140)	-	-	(140)
	-	-	-	-
Balance at 30 June 2017	3,983,003	607,625	(2,637,553)	1,953,075

6.1 Share Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2017	2016	2017	2016
On issue at 1 July	54,915,113	100	3,936,393	100
<i>Shares issued and expensed during the year:</i>				
Issue of shares at 20 cents each pursuant to prospectus	-	17,500,000	-	3,500,000
Shares for acquisition of Shark Attack Mitigation Systems Pty Ltd deemed consideration on acquisition	-	28,219,00	-	810,625
Shares issued as consideration for introduction fee	-	1,089,758	-	217,952
Shark Mitigation Systems Limited shares on issue at acquisition date	-	8,106,250	-	-
Issue of shares at 20 cents each pursuant to endorsement agreement	125,000	-	25,000	-
Issue of shares at 8.7 cents each pursuant to endorsement agreement	250,000	-	21,750	-
Issue of shares on conversion of Class A performance shares	11,599,140	-	-	-
Capital raising costs	-	-	(140)	(592,284)
On issue at 30 June *	66,889,253	54,915,113	3,983,003	3,936,393

* includes 100 shares held in Shark Attack Mitigation Systems Pty Ltd which are not listed.

7 Dividends

No dividends have been declared for the year ending 30 June 2016 or the previous corresponding period.

8 Dividend or Distribution reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

9 Net tangible assets per security

	2017	2016
	\$	\$
Net tangible asset backing per ordinary share	2.92	4.87

10 Details of entities over which control has been gained during the year

10.1 Name of the entity

N/A

10.2 Date of the gain

N/A

11 Details of associates

Name of entity	Percentage of ownership interest held at end of year		Contribution to net profit / (loss)	
	2017 %	2016 %	2017 \$	2016 \$
Seabin Pty Ltd	20%	20%	(49,767)	48,290
Aggregate share of profits of associates				
(Loss) / profit before income tax			(49,767)	48,290
Income tax expense			-	-
Net (loss) / profit attributable to owners of the Company			(49,767)	48,290

12 Any other significant information

N/A

13 Accounting standards

Australian Accounting Standards (AASBs), other AASB authoritative pronouncements and Urgent Issue Group Interpretations have been used in compiling the information in this Appendix 4E.

14 Results for the year

14.1 Loss per share

	2017 \$	2016 \$
Net loss attributable to ordinary shareholders	(2,203,475)	(724,129)
Issued ordinary shares at 1 July	54,915,113	100
Effect of shares issued	5,271,742	34,479,016
Weighted average number of ordinary shares at 30 June	60,186,855	34,479,116
Basic and diluted loss per share (cents)	(3.67)	(2.10)

14 Results for the year (continued)

14.2 Returns to shareholders

N/A

14.3 Significant features of operating performance

Refer to note 2.6.

14.4 Segment results

	2017	2016
	\$	\$
Visual deterrent technology	(355,765)	8,202
Clever Buoy shark detection technology	(106,446)	368,857
	(462,211)	377,059
Share of (loss) / profits of associates	(49,767)	48,290
Finance income	19,824	5,484
Central administrative expenses and directors' remuneration	(2,185,571)	(758,899)
Finance expenses	(5,140)	(1,485)
Listing expense on acquisition of SAMS	-	(431,711)
Loss before tax	(2,682,865)	(761,262)

14.5 Trends in performance

Following successful commercialisation of the SAMS and Clever Buoy products, the Company continues to develop its products which should have a positive impact on the performance of the company.

14.6 Any other factors which have affected the results in the year or which are likely to affect the results in the future, including those where the effect could not be quantified:

Post-Reporting Date Events

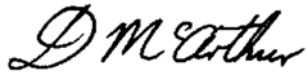
In July 2017, the Company entered into a manufacturing licence agreement with Boardlams, a southern Californian production company, to accelerate the roll-out of SAMS™ visual technology into the sizeable US water sports market. Boardlams has perfected the printing of images onto specialist materials used in the manufacturing process of watercraft, such as surfboards. This includes printing onto rice paper and fibreglass cloth for incorporation into new water craft, and to vinyl stickers for new and used applications. The manufacturing licence agreement will see SAMS™ visual technology sold into the US market using Boardlam's highly respected product and long-standing reputation globally.

On 29 August 2017, the Company announced the global launch of a direct-to-market supply chain for its SAMS™ visual technology. In addition to the roll out of SAMS™ marine grade vinyl stickers and fibreglass inlays in major retail surf stores in California, the Company will launch a global online store where customers can directly purchase the Company's products.

There have been no other material events subsequent to the end of the financial year.

15 Audit Status

The Annual Financial Report is in the process of being audited and no dispute or qualification is anticipated.



David M McArthur
Director
31 August 2017