

Companies Announcements Office
Australian Securities Exchange
Electronic Lodgement

QUARTERLY ACTIVITY REPORT

Smart Marine Systems shores up platform for US penetration

Highlights

- Capital raising and Share Purchase Plan completed raising \$1,092,500 before costs.
- Applications for environmental approvals for deployment in California completed and submitted for deployment at Corona Del Mar Beach, Newport, California.
- Seabin's global footprint increasing rapidly with installations in Central and Southern Europe, Scandinavia, the United States, Asia and the Caribbean.
- First commercial dispatch of Seabins completed in Europe.

30 April 2018 – Australian marine technology company Smart Marine Systems Limited (ASX:SM8) (formerly known as Shark Mitigation Systems) ("Smart Marine Systems" or "the Company") is pleased to provide its report for the three months to the end of March 2018.

Capital Raising | Corporate

During the quarter the Company completed a capital raising of \$1,092,500 via a Share Purchase Plan with current shareholders and a Private Placement with new strategic investors.

The capital will be used to sustain the Company's operations and to fund the expansion into the United States.

Marine Monitoring and Alert System | Clever Buoy

The Company is preparing for the first deployment in the USA at Corona Del Mar Beach in Newport, California and is currently undertaking the rigorous environmental approval process required by the Californian Coastal Commission. This State Government department is responsible for overseeing all approvals and permitting of activities associated with waterways and coastlines in California and is recognised as a benchmark for all of the US States. This process is extensive and has been undertaken with assistance from a local consulting firm, Dudek. The installation of Clever Buoy technology at United States beaches continues to be strongly supported by Californian Congressman, Dana Rohrabacher.

The Clever Buoy technology has been designed and uses componentry that is environmentally friendly, with the sonar frequencies operating significantly outside the hearing range of most marine life. The Company has received requisite environmental approvals to operate in New South Wales and Western Australia and are highly confident of achieving environmental approval for the United States.

1st Floor, 31 Cliff Street,
Fremantle, Western Australia 6160
E: enquiry@smartmarinesystems.com
P: +61 1300 524 392
ABN: 77 149 970 445

www.smartmarinesystems.com

In preparation for the Californian deployment, the company has been undertaking significant development work on the Clever Buoy mobile application. The updated application will be trialled to a broader user and consumer base in the US and will include additional beach and ocean information including weather and environmental data as well as local beach information.

Western Australia continues to suffer the effects of increased shark activity and the impact this is having on local communities, major events and tourism is significant. The Company has recently partnered with Triathlon WA to provide increased event surveillance with Clever Buoy at the Busselton 70.3 Ironman Series on the 5th and 6th May. This event was disrupted in 2017 by a shark incurrence and subsequently resulted in a significant reduction in entrants for this year's event, which attracts competitors from all around the world. The presence of increased shark mitigation measures with Clever Buoy will provide increased confidence for competitors to travel and participate in these high-profile international events.

The Company continues to receive a significant number of expressions of interest from around the world in relation to the deployment of the Clever Buoy system. Recent shark attacks in Western Australia, Hawaii and Brazil in the last few weeks has resulted in several enquiries and proposals being undertaken. A number of these enquiries have come from local business and tourism operators who have witnessed the impact that shark attacks have on their operations.

Ocean Cleaning | Seabin

Seabin's global footprint is increasing rapidly with installations in Spain, Bermuda, Nova Scotia, France, Montenegro, Finland, California, United Kingdom and recently in Singapore. The level of interest in Seabins from around the world continues to be strong.

The March quarter saw the first official delivery and installation of commercial Seabins in Europe. Forty Seabins were delivered to various European marinas in March and marks the commencement of weekly production and delivery scheduling.

Poralu Marine in France are the company's manufacturing partner and have a strong background in high quality marina construction and management. The Company is currently building the manufacturing and distribution capacity to cater for the significant demand and orders received from a brief pre-sales campaign which resulted in more than 2,500 commitments.



1. Corona Del Mar California Proposed Deployment Layout

2. Ironman 70.3 Busselton Event May 5 – 6th sponsored by SMS with Clever Buoy deployed for swimmer safety (Photo by Triathlon WA).

Ends.

For further information please contact:

Mr David McArthur
Company Secretary
Smart Marine Systems Ltd
Tel: 1300 524 392

About Smart Marine Systems

Smart Marine Systems Limited (ASX:SM8) is an Australian marine technology company that has developed and commercialised award-winning patented products. Smart Marine Systems product portfolio includes SAMS [Shark Attack Mitigation Systems], Clever Buoy™ and Seabin. SAMS is a visual technology that is applied to wetsuits and watersport products to potentially reduce the chance of shark attacks. Clever Buoy™ is a marine monitoring platform that autonomously distinguishes large sharks from other species and sends warning signals to shore for human intervention response. Seabin is a revolutionary ocean plastics cleaning device that catches floating rubbish, oil, fuel and detergents and makes oceans cleaner. Smart Marine Systems products can be deployed across oceans globally and the Company is committed to pursuing international commercialisation. To learn more about Smart Marine Systems please visit: www.smartmarinesystems.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SMART MARINE SYSTEMS LIMITED

ABN

77 149 970 445

Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	33
1.2 Payments for		
(a) research and development	(17)	(94)
(b) product manufacturing and operating costs	(8)	(40)
(c) advertising and marketing	(79)	(295)
(d) leased assets	-	-
(e) staff costs	(179)	(517)
(f) administration and corporate costs	(196)	(405)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	6
1.5 Interest and other costs of finance paid	(4)	(6)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	414	675
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(67)	(644)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(9)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3)	(9)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	503	503
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(4)	(4)
3.5	Proceeds from borrowings	-	50
3.6	Repayment of borrowings	(67)	(85)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (loan repaid by associate company)	-	16
3.10	Net cash from / (used in) financing activities	432	480

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	86	621
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(67)	(644)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	432	480

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	448	448

Government Grants

The Company is currently preparing Research & Development (R&D) and Export Market Development Grant (EMDG) applications, with the amount of the grants yet to be determined.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	448	86
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	448	86

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

91
-

This includes salaries paid to Directors, as well as superannuation paid on behalf of Directors. Additionally, this includes corporate and accounting services paid to a company associated with one of the Directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-
-

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	4
9.4 Leased assets	-
9.5 Staff costs	180
9.6 Administration and corporate costs	51
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	235

Subsequent to quarter end, the Company has received \$373,878 by way of a Research and Development Grant refund and up to \$85,000 is anticipated to be received by way of an Export Market Development Grant.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Director and Company Secretary

Date: 30 April 2018

Print name: David M McArthur

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.