



ASX Announcement

17 October 2016

Dispatch of 2016 Annual Report and Notice of AGM

Shark Mitigation Systems Limited (ASX: SM8) is pleased to attach a copy of the 2016 Annual Report together with the Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form which have been dispatched to shareholders.

A copy of the Annual Report and Notice of Annual General Meeting will also be available on our website www.sharkmitigation.com

On behalf of the Board

David McArthur
Director



SHARK MITIGATION SYSTEMS LIMITED
ACN 149 970 445

NOTICE OF ANNUAL GENERAL MEETING
PROXY FORM
AND
EXPLANATORY MEMORANDUM

Date of Meeting

Wednesday, 16 November 2016

Time of Meeting

11:00 am (WST)

Place of Meeting

**Level 2, 55 Carrington Street
Nedlands, Western Australia**

SHARK MITIGATION SYSTEMS LIMITED

ACN 149 970 445

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Shark Mitigation Systems Limited ("**Company**") will be held at 11:00m (WST) on Wednesday 16 November 2016, at Level 2, 55 Carrington Street, Nedlands, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 4:00pm (WST) on Monday, 14 November 2016.

An Explanatory Statement containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following Resolutions.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report for the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report contained within the Company's annual financial report for the financial year ended 30 June 2016."

Note 1: the vote on this resolution is advisory only and does not bind the Directors of the Company.

Note 2: If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election. Less than 25% of shareholders voted against the remuneration report at the 2015 Annual General Meeting.

Voting Prohibition Statement:

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (b) a Closely Related Party of such a member,
- (collectively, a "**Prohibited Voter**").

However, a Prohibited Voter may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Prohibited Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 2: Re-election of Director- Craig Anderson

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Craig Anderson, a Director, who having been appointed a director since the last AGM, retires in accordance with clause 14.4 of the Company’s constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible is re-elected as a Director.”

Resolution 3: Re-election of Director- Hamish Jolly

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Hamish Jolly, a Director, who having been appointed a director since the last AGM, retires in accordance with clause 14.4 of the Company’s constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible is re-elected as a Director.”

Resolution 4: Re-election of Director- David McArthur

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr David McArthur, a Director, who having been appointed a director since the last AGM, retires in accordance with clause 14.4 of the Company’s constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible is re-elected as a Director.”

Resolution 5: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed recipients of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any persons who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

A handwritten signature in black ink, appearing to read 'D M McArthur', written in a cursive style.

D M McARTHUR
Company Secretary

Dated: 5 October 2016

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Annual General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 4:00pm (WST) on Monday 14 November 2016 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one- half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A ‘Certificate of Appointment of Corporate Representative’ is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Mr David McArthur on +61 8 9423 3200 if they have any queries in respect of the matters set out in this document.

SHARK MITIGATION SYSTEMS LIMITED
ACN 149 970 445

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of the Company.

The Directors of the Company ("**Directors**") recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016, together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

A copy of the Company's 2016 Annual Report is available on the Company's ASX platform (ASX: SM8) and on the website www.sharkmitigation.com. Alternatively, a hard copy will be made available upon request.

The Company's auditor, HLB Mann Judd, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date to the Company Secretary.

RESOLUTION 1: Adoption of Remuneration Report

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Proxy restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

(a) ***If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy***

If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

(b) ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair where he / she is also a member of the Key Management Personnel whose remunerations details are included in the Remuneration Report, or a Closely Related Party of such a member, ***you must direct the Chair how they are to vote***. Undirected proxies granted to these persons will be voted in favour of all Resolutions.

(c) ***If you appoint any other person as your proxy***

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the Proxy Form. Undirected proxies granted to these persons will be voted at their discretion.

RESOLUTION 2: Re-election of Director – Mr Craig Anderson

ASX Listing Rule 14.4 provides that a director elected since the last AGM of the Company must retire and seek re-election at the next AGM of the Company.

Clause 14.4 of the Company's Constitution also requires that any Director appointed since the last AGM retire and seek re-election at the next AGM.

As Mr Anderson was appointed to the Board on 29 January 2016, which was after the last AGM, he retires and seeks re-election.

Information about Mr Anderson is set out in the Company's 2016 Annual Report.

The Board unanimously supports the re-election of Mr Anderson.

RESOLUTION 3: Re-election of Director – Mr Hamish Jolly

ASX Listing Rule 14.4 provides that a director elected since the last AGM of the Company must retire and seek re-election at the next AGM of the Company.

Clause 14.4 of the Company's Constitution also requires that any Director appointed since the last AGM retire and seek re-election at the next AGM.

As Mr Jolly was appointed to the Board on 29 January 2016, which was after the last AGM, he retires and seeks re-election.

Information about Mr Jolly is set out in the Company's 2016 Annual Report.

The Board unanimously supports the re-election of Mr Jolly.

RESOLUTION 4: Re-election of Director – Mr David McArthur

ASX Listing Rule 14.4 provides that a director elected since the last AGM of the Company must retire and seek re-election at the next AGM of the Company.

Clause 14.4 of the Company's Constitution also requires that any Director appointed since the last AGM retire and seek re-election at the next AGM.

As Mr McArthur was appointed to the Board on 29 January 2016, which was after the last AGM, he retires and seeks re-election.

Information about Mr McArthur is set out in the Company's 2016 Annual Report.

The Board unanimously supports the re-election of Mr McArthur.

RESOLUTION 5: Approval of 10% Placement Capacity – Shares

General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 5 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$9.9 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being fully paid ordinary Shares (ASX Code SM8).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4.; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- B is 10%.
- C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date above, the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable "A"		<u>DILUTION</u>		
		\$0.09 50% decrease in Issue Price	\$0.18 Issue price	\$0.36 100% Increase in Issue Price
Current Variable A	10% Voting Dilution			
55,040,013 Shares		5,504,001 Shares	5,504,001 Shares	5,504,001 Shares
	Funds Raised	\$495,360	\$ 990,720	\$ 1,981,440
50% Increase In Current Variable A	10% Voting Dilution			
82,560,012 Shares		8,256,001 Shares	8,256,001 Shares	8,256,001 Shares
	Funds Raised	\$ 743,040	\$ 1,486,080	\$2,972,160
100% Increase In Current Variable A	10% Voting Dilution			
110,080,026 Shares		11,008,002 Shares	11,008,002 Shares	11,008,002 Shares
	Funds Raised	\$ 990,720	\$1,981,440	\$ 3,962,880

* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- The current shares on issue are the Shares on issue as at 27 September.
- No options are exercised into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. That is why the voting dilution is shown in each example as 10%.
- The issue price set out above is the closing price of the Shares on the ASX on 27 September 2016.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

- (f) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (g) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (h) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company may use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments in which circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under Listing Rule 7.1A.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

GLOSSARY

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Shark Mitigation Systems Limited - ACN 149 970 445

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Shareholder means a holder of a Share.

WST means Australian Western Standard Time (Perth, Western Australia).

Instructions for Completing 'Appointment of Proxy' Form

1. **(Changes to Proxy Voting):** Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Section 250R(5) of the Corporations Act came into effect on 28 June 2012 and will affect the Chair's votes on undirected proxies. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:
 - (a) if proxy holders vote, they must cast all directed proxies as directed;
 - (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed; andFurther details on these changes are set out below.
2. **(Appointing a Proxy):** A member with two or more votes entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
3. **(Proxy vote if appointment specifies way to vote):** Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
 - (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
4. **(Transfer of non-chair proxy to chair in certain circumstances):** Section 250BC of the Corporations Act provides that, if:
 - (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
 - (b) the appointed proxy is not the chair of the meeting;
 - (c) at the meeting, a poll is duly demanded on the resolution; and
 - (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.
5. **(Signing Instructions):**
 - (a) **(Individual):** Where the holding is in one name, the member must sign.
 - (b) **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - (c) **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

6. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
7. **(Voting in person):**
- (a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.
 - (b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting
8. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):
- (a) In person to Level 2, 55 Carrington Street, Nedlands, Perth, WA;
 - (b) By mail to PO Box 985, Nedlands, WA, 6909.
 - (c) By Facsimile to +61 8 9389 8327;
 - (d) By scan and email to david.mcarthur@broadwaymgt.com.au

so that it is received at least 48 hours prior to commencement of the Annual General Meeting. Proxy Forms received later than this time will be invalid.

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Company),
Insert name of Shareholder Company
the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at an annual general meeting of the members of Shark Mitigation Systems Limited to be held on Wednesday 16 November 2016 commencing at 11.00 am (WST) and at any adjournments of that annual general meeting.

DATED

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Shark Mitigation Systems Limited at Level 2, 55 Carrington Street, Nedlands WA 6009 or fax the Certificate to the registered office at +61 8 9389 8327

PROXY FORM
APPOINTMENT OF PROXY
SHARK MITIGATION SYSTEMS LIMITED
ACN 149 970 445
ANNUAL GENERAL MEETING

I/We

Address

Appoint

being a Member of Shark Mitigation Systems Limited entitled to attend and vote at the Annual General Meeting, hereby

Name of proxy (**Please note:** Leave blank if you have selected the Chair of the Annual General Meeting as your proxy.)

OR

☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 11.00 am (WST) on Wednesday 16 November 2016 at Level 2, 55 Carrington Street, Nedlands, Western Australia, and at any adjournment of that meeting.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1: Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Re-election of Director - Craig Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Re-election of Director - Hamish Jolly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Re-election of Director - David McArthur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is ____%.

Signature of Member(s)

_____ **Date:** _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____ **Date:** _____



SHARK MITIGATION SYSTEMS

(Formerly Sena Resources Limited)

ABN 77 149 970 445

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2016

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SHARK MITIGATION SYSTEMS LIMITED
REVIEW OF OPERATIONS

For the year ended 30 June 2016

CORPORATE DIRECTORY

Directors

Craig Anderson
Hamish Jolly
David McArthur

Secretary

David McArthur

Registered and Principal Office

Level 2, 55 Carrington Street
Nedlands WA 6009

Website: www.sharkmitigation.com

Email: enquiry@sharkmitigation.com

Telephone: +61 8 9423 3200

Facsimile: +61 8 9389 8327

Postal Address

PO Box 985
Nedlands WA 6909

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Bankers

ANZ Banking Group Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: +61 1300 552 270

ASX Code

Shares: SM8

Legal Form of Entity

Public company

Country of Incorporation and Domicile

Australia

SHARK MITIGATION SYSTEMS LIMITED

REVIEW OF OPERATIONS

For the year ended 30 June 2016

ABOUT US

Shark Mitigation Systems Limited (SMS) is an Australian company based in Perth, Western Australia. Perth is located on a stretch of coastline that, over the past five years, has experienced a substantial increase in serious injury and deaths from shark attacks and has become a global focal point for research and innovation in the field of shark science.

SMS was founded by Hamish Jolly and Craig Anderson, both of whom are passionate ocean users who set out on a mission to better understand shark behaviour and to develop non-invasive solutions for water users to mitigate shark attacks.

SMS has spent the last four years developing two patented technologies for application in the sector. The first technology was based on work undertaken with the University of Western Australia and focused on the visual systems of large predatory sharks. This technology, called SAMS™, is now commercialised and is being licensed to surfing and ocean apparel brands. The SAMS™ technology also has the potential to be licensed for applications for marine equipment.

The second technology, called Clever Buoy, is a near shore shark detection system that utilises sonar and newly developed software to identify sharks and provides alerts to beach safety authorities. This Clever Buoy technology has significant global application in providing beach users and researchers with critical location and environmental information, and aims to assist in ensuring that our beaches are safer from shark attacks.

SMS has received global publicity and has become a recognised organisation for information and technology solutions for mitigating shark attacks.

REVIEW OF OPERATIONS

Background

- On 26 August 2015, the Board of Sena Resources Limited (**Sena**) executed a binding terms sheet with Shark Attack Mitigation Systems Pty Ltd (**SMS**) and the shareholders of SMS whereby Sena agreed to acquire and the Shareholders each agreed to sell all of their fully paid ordinary shares in the capital of SMS. The key terms of the Terms Sheet were as follows:
 - Completion of acquisition - Sena to issue to the Shareholders (or their nominees), in each Shareholder's relevant proportion, 28,219,005 fully paid ordinary shares in the capital of Sena Resources Limited (on a post consolidation and post initial capital raise). This consideration was equivalent to 77.5% of the issued ordinary share capital of Sena.
 - Sena to have not less than \$400,000 in operating capital prior to Completion and no material liabilities in relation to the acquisition of SMS.

Sena received shareholder approval for the acquisition and associated transactions for the purposes of item 7 of section 611 of the Corporations Act 2001 at the Company's General Meeting of Shareholders on 29 January 2016.

- On 2 February 2016 Sena changed its name to Shark Mitigation Systems Limited.
- Shark Mitigation Systems Limited commenced trading on the Australian Securities Exchange on 12 May 2016.

The Company has two segments. The two segments are:

1. SAMS; and
2. Clever Buoy

SHARK MITIGATION SYSTEMS LIMITED

REVIEW OF OPERATIONS

For the year ended 30 June 2016

Visual Deterrent Technology - SAMS

In collaboration with the University of Western Australia's (UWA) Oceans Institute and School of Animal Biology, the Company developed new technology that can be incorporated into marine apparel and watercraft which can reduce the risk of shark attack, based on recently developed science of shark vision, neurology and behavioural effects.

Breakthrough science in determining what predatory sharks can see at certain depths and distances and under certain light and water conditions has been incorporated into neoprene materials and commercial wetsuit designs. The technology has been labelled Shark Attack Mitigation Systems technology or SAMSTTM.

The key to SAMSTTM technology lies in development of patterns having a specific contrast, colour, size and shape according to the position of the wearer in the water column and the distance that a shark is likely to perceive the wearer. The result is a range of materials and designs which incorporate SAMS technology while maintaining consumer appeal. The technology has the potential to extend to many marine applications, including skins and stickers for diving air tanks, diving fins, surfboards, kayaks, skis, watercraft, undersea cabling and marine equipment.

Independent preliminary testing by UWA with large wild predatory sharks off the coast of Western Australia since January 2013 has been encouraging. Both the research science and the field-testing of the technology is an ongoing process.

On 1 June 2016, surfing legend Taj Burrow joined the Company as an ambassador for the company to assist in building awareness for its world-leading shark deterrent technologies. Taj has been a highly awarded professional surfer, participating in the professional circuit for more than 19 years. Taj brings his passion for the ocean and the utilisation of modern technology to assist the Company in protecting water users and enhance their experience in the ocean.

On 21 July 2016 Mr Simon O'Sullivan joined the Company as general manager, with the primary responsibility of further commercialising the Company's SAMS technology. Mr O'Sullivan has held senior positions with international surf apparel company Rusty for over a decade, including almost five years as Chief Operating Officer and has also served as WA State manager for high profile brand, Rip Curl.

Shark Detection Technology and Consumer Warning System - Clever Buoy

In partnership with Optus, (and with the assistance of Google via the provision of initial project funding), the Company has developed a breakthrough near-shore shark detection and warning system referred to as Clever Buoy.

The Clever Buoy system uses a non-invasive technology solution to create a virtual shark net to detect sharks and alert the appropriate authorities and / or beach users. The technology is designed to detect sharks using state of the art sonar and identification systems which relay information to authorities responsible for beach safety. The detection system is designed to be deployed beyond the surf zone and utilises multi-beam sonar transducers that are mounted on the ocean floor coupled with newly developed detection software to scan for marine life.

Once detected, the software interrogates the object's swimming pattern to determine the probability of a shark occurrence. Once the target is determined to be a shark, information is transmitted to lifeguards notifying them of the target and location. The technology has the potential to revolutionise beach safety and provide real time information to beach and ocean users.

The detection system has been in development over the past two years with testing in controlled and wild environments.

On 19 May 2016, the Australian Professional Lifeguard Association (APOLA) formally endorsed the Company's Clever Buoy technology as a viable shark detection and alert solution for Australian beaches. At the Association's Annual Conference, APOLA endorsed that the Clever Buoy shark detection system is currently the only commercially available detection system capable of deployment in high surf zones to provide real time information for lifeguards that will be of direct benefit to beach users.

SHARK MITIGATION SYSTEMS LIMITED

REVIEW OF OPERATIONS

For the year ended 30 June 2016

Shark Detection Technology and Consumer Warning System - Clever Buoy (continued)

This endorsement was following the successful trial deployment of the system for an extended period at Bondi Beach in New South Wales. The deployment was conducted with the support of the New South Wales Government and the Waverley City Council. Since the trial was completed, the Company has been invited by a number of local councils and municipalities to submit proposals for deployment of Clever Buoy systems in various jurisdictions both in Australia and overseas.

On 22 June 2016, the Company was formally engaged by the world professional surfing governing body, World Surf League, to deploy its Clever Buoy shark detection system for the JBay Pro Open in South Africa. The J-Bay Open was the scene of Australian surfer Mick Fanning's close encounter with a white pointer shark at the same event in 2015, and provided a global platform for the Company to showcase the Clever Buoy technology.

Industry Engagements and Recognition

Over the past four years the Company has engaged with many globally reputable brands and has been awarded a number of distinctions.

The key industry engagements include:

- Arena – global swimwear brand;
- Radiator – global wetsuit retailer;
- Sheico – global neoprene and wetsuit manufacturer;
- Yamamoto – global neoprene and wetsuit manufacturer;
- Optus – Australian telecommunications partner;
- Google – global technology and data corporation;
- Trittech – specialist subsea technology company; and
- M&C Saatchi – global branding and creative organisation.

Key research engagements are with the University of Western Australia and Macquarie University.

Financial results

Revenue for financial year 2016 was \$384,365. The loss for the year ended 30 June 2016 attributable to members of Shark Mitigation Systems Limited after income tax was \$724,129 (year ended 30 June 2015: profit of \$115,325).

The Group has a working capital surplus of \$2,915,576 (year ended 30 June 2015: \$38,087) and net cash inflows of \$2,737,976 (year ended 30 June 2015: \$10,640).

SHARK MITIGATION SYSTEMS LIMITED
REVIEW OF OPERATIONS

For the year ended 30 June 2016

Summary of results

	2016 \$	2015 \$
Revenue from ordinary activities	384,365	184,128
Other income	49,278	-
Loss before income tax	(761,262)	141,999
Income tax benefit / (expense)	37,133	(28,674)
(Loss) / profit attributable to owners of Shark Mitigation Systems	(724,129)	113,325
Other comprehensive income	-	-
Underlying loss per share (cents)	(2.10)	-
Shares on issue at reporting date ⁽¹⁾ ⁽²⁾	54,915,113	100
Weighted average number of shares	34,479,116	100

⁽¹⁾ Shares on issue at reporting date includes 100 shares held in Shark Attack Mitigation Systems Pty Ltd which are not listed.

⁽²⁾ At the date of this report the Company has 55,040,113 fully paid ordinary shares on issue following the issue of 125,000 shares on 24 August 2016 pursuant to an agreement with Rabbit Hill Pty Ltd.

Planned Activity - 2017

The Company will seek to implement the growth strategies as outlined in the review of operations above.

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Shark Mitigation Systems Limited (the Company) and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2016 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Name	Period of directorship
Hamish Jolly	Appointed 29 January 2016
Craig Anderson	Appointed 29 January 2016
David McArthur	Appointed 29 January 2016
Stockley Davis	Resigned 29 January 2016
Dean Achmad	Resigned 29 January 2016
Michael Cartwright	Resigned 29 January 2016

Name and status	Experience, qualifications, special responsibilities and other directorships
Hamish Jolly Non-executive Director Appointed: 29 January 2016	<p>Hamish is an ocean swimmer and specialist in industry-led marine science innovation, R&D and technology commercialisation. Commencing his career in aquatic zoological research programs, he holds formal postgraduate qualifications in business and innovation, and is a qualified Chartered Accountant. Mr Jolly's career spans investment, development, technology and finance.</p> <p>In 2006, Hamish was awarded in the WA Business News 40 Under 40 recognising the top 40 business leaders under 40 years of age in Western Australia. He is a Member of the Board of Botanic Gardens and Parks Authority (Kings Park) in Western Australia. Hamish is the former National Chief Executive Officer of Greening Australia, Australia's largest environmental NGO and formerly Director of Biogass Renewables Pty Ltd, an Australian waste to energy development company.</p> <p>His 2014 TED Talk (Ideas Worth Sharing) on the subject of SAM shark visual systems research and commercialisation is in a top-10 list at TED.com with over 2.2 million views.</p> <p>Hamish is Chair of the Nominations and Remuneration Committee and is a member of the Audit and Risk Management Committee.</p>

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

1. DIRECTORS (continued)

Name and status	Experience, qualifications, special responsibilities and other directorships
Craig Anderson Managing Director Appointed: 29 January 2016	<p>Craig is a passionate surfer and water sports enthusiast. He has a strong background in developing and commercialising new ventures and the management of corporations.</p> <p>Craig is a primary production specialist with a diverse background in a significant number of soft commodities in Australia and Asia. He has tertiary qualifications in forestry and business management and more than 25 years' experience in developing, financing and managing large-scale enterprises. He has held a number of executive and board positions in both private and public companies in Australia and has strong experience of project management and trade in Australian and Asian jurisdictions.</p> <p>Craig has a strong background in commercialising innovative projects. This has included various forestry and horticultural commodities as well as carbon and environmental offset projects in Australia and Asia. He has a strong background in the start-up sector and has been involved in a number of business initiatives in the last 15 years.</p>
David McArthur Independent Non-executive Director and Company Secretary Appointed: 29 January 2016	<p>David is a Chartered Accountant, having spent four years with a major international accounting firm, and has 32 years' experience in the accounting profession. He has been actively involved in the financial and corporate management of a number of public listed companies over the past 29 years.</p> <p>David has a Bachelor of Commerce Degree from the University of Western Australia. He has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.</p> <p>David is an Executive Director of Lodestar Minerals Limited and a Non-executive Director of Xstate Resources Limited and Renewable Heat & Power Limited.</p> <p>David is Chair of the Audit and Risk Management Committee and is a member of the Nominations and Remuneration Committee.</p>

2. COMPANY SECRETARY

David McArthur was appointed to the position of Company Secretary on 29 January 2016.

3. DIRECTORS' MEETINGS

There were no meetings of the Company's Board of Directors held during the year ended 30 June 2016.

The small size of the board means that Members of the Board meet informally on a regular basis to discuss company operations, risks and strategies, and as required, formalise key actions through circular resolutions.

4. PRINCIPAL ACTIVITIES

Following the acquisition of Shark Attack Mitigation Systems Pty Ltd by the Company, the principal activity of the Group was the design and development of shark mitigation and ocean technology.

SHARK MITIGATION SYSTEMS LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2016

5. OPERATING AND FINANCIAL REVIEW

Information on the operations and financial results of the Group and its strategies and prospects is set out in the Review of Operations at the beginning of this Annual Report.

Review of financial position of the Group

The Group ended 2016 with net assets of \$3,808,815 compared to \$290,151 in 2015. The increase in the value of net assets is due to the acquisition of Shark Attack Mitigations Systems Pty Ltd (SAMS) and its associated technologies and a \$3.5 million capital raising (before costs).

The Group increased its current asset position to \$3,140,965 from \$40,317 in 2015, as a result of the above capital raising. Non-current assets increased to \$1,199,286 from \$351,384 in 2015, following the acquisition of SAMS.

Current liabilities increased to \$225,389 from \$2,230 and non-current liabilities increased to \$306,047 from \$99,320 in 2015 due to increased operations of the Company.

Significant changes in the state of affairs

In the opinion of the directors there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the overview above.

6. DIVIDENDS

The directors recommend that no dividend be provided for the year ended 30 June 2016 (year ended 30 June 2015: Nil).

7. LIKELY DEVELOPMENTS

The Group will continue to further develop the visual systems for large predatory sharks, to consolidate and expand the various technologies that have, and continue to be, developed to mitigate the occurrence of shark attacks on humans and to globally commercialise the near shore shark detection and alert systems.

8. ENVIRONMENTAL REGULATION

The Group's operations are not regulated by any significant environmental regulations under the law of the Commonwealth or of a State or Territory in Australia however the Group aims to ensure the highest standard of environmental care is achieved.

9. SHARE OPTIONS

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price cents	Number of shares
30 -Jun-19	25	<u>5,125,0000</u>

All unissued shares are ordinary shares of the Company.

These options do not entitle the holder to participate in any share issue of the Company.

Further details in relation to the share-based payments to directors are included in the Remuneration Report.

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

9. SHARE OPTIONS (continued)

Shares issued on exercise of options

During or since the end of the financial year, no shares were issued as a result of the exercise of options.

Options expired

Nil options expired during the reporting period (2015: n/a).

10. PERFORMANCE SHARES

Unissued shares under performance rights

At the date of this report performance shares granted over unissued ordinary shares of the Company are:

Issue date	Expiry date	Number of performance rights
2-Feb-16	2-Feb-21	28,997,850
24 Aug-16	24-Aug-19	300,000
		<hr/>
		29,297,850

11. DIRECTORS' INTERESTS

	Ordinary shares	Performance rights over ordinary shares
Craig Anderson	11,947,962	12,980,743
Hamish Jolly	11,851,982	12,980,743
David McArthur	70,000	-

12. EVENTS SUBSEQUENT TO REPORTING DATE

Other than as disclosed in note 6.7 of the notes to the consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

SHARK MITIGATION SYSTEMS LIMITED DIRECTORS' REPORT

For the year ended 30 June 2016

13 INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Company paid an insurance premium of \$5,574 (2015: Nil) to insure the directors and key management of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

No agreements have been entered into to indemnify the Group's auditors against any claims by third parties arising from their report on the Annual Financial Statements.

14. NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (HLB Mann Judd) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or are payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2016 \$	2015 \$
HLB Mann Judd Australia:		
<i>Other assurance services</i>		
Investigating Accountant's Report for IPO	10,000	-
Total remuneration for non-audit services	10,000	-

15. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

SHARK MITIGATION SYSTEMS LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2016

16. REMUNERATION REPORT - AUDITED

The Directors present the Company's 2016 Remuneration Report prepared in accordance with the Corporations Act 2001. The Report sets out the detailed remuneration information for Non-executive Directors, Executive directors and other Key Management Personnel (KMP) of the Group.

The report contains the following sections:

- (a) Remuneration governance
- (b) Executive remuneration strategy and framework
- (c) Service contracts
- (d) Non-executive director remuneration
- (e) Key management personnel remuneration
- (f) Other KMP disclosures

(a) Remuneration governance

The remuneration of directors and key management is the responsibility of the Remuneration and Nomination Committee.

(b) Executive remuneration strategy and framework

Remuneration is referred to as compensation throughout this report.

Compensation levels for key management personnel of the Group are set to attract, retain and motivate a highly qualified and experienced management team with the necessary skills and attributes to lead the Group in achieving its business objectives. The strategy also aims to encourage management to strive for superior performance by rewarding the achievement of targets that are challenging, clearly understood and within the control of individuals to achieve through their own actions.

The objective of the Group's executive remuneration framework is to ensure that remuneration for performance is competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward.

As the Group's principal activities during the year involved the commencement of commercialisation of the Company's technologies, measurement of remuneration policies against financial performance is not considered relevant. The measurement of remuneration policies considered a range of factors including budget performance, delivery of results and timely completion of development programmes.

The Group's reward framework is designed to ensure that remuneration policies and structures are fair and competitive. The Board ensures that remuneration satisfies the following criteria for reward:

- competitiveness and reasonableness;
- transparency;
- attracts and retains high calibre executives; and
- rewards capability and experience.

Executive remuneration mix

The remuneration of the Managing Director and other KMP can be structured as a mix of fixed remuneration and variable "at risk" remuneration through short-term and long-term incentive components.

SHARK MITIGATION SYSTEMS LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2016

16. REMUNERATION REPORT – AUDITED (continued)

(b) Executive remuneration strategy and framework (continued)

Fixed compensation

Fixed compensation consists of base compensation plus employer contributions to superannuation funds (unless otherwise stated). Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group, and compares compensation to ensure it is comparable and competitive within the market in which the Group operates.

Fixed compensation is not “at risk” but is appropriately benchmarked and set with reference to role, responsibilities, skills and experience.

Performance-linked compensation

Performance-linked compensation can consist of both short-term and long-term remuneration. Performance-linked remuneration is not based on specific financial indicators such as earnings or dividends as the Group is at the exploration and development stage. Vesting of long term incentives is based on the share price performance of the Group, which is considered an appropriate measure of the outcome of overall performance. There is no separate profit-share plan.

Short-term incentive

Short term incentives (STI) reward employees for their individual achievements and contributions to business success and organisation outcomes during the financial year. STI's are a variable reward and are not guaranteed.

The Board considers the appropriate targets and Key Performance Indicators (KPI's) to link the STI and the level of payment if targets are met. This includes capping the maximum payout under the STI scheme and determining the minimum levels of performance to trigger payment of the STI's. Depending upon the level of management, KPI's include the following:

- satisfactory completion of development programs, on time and on budget;
- securing funding to support planned work programs;
- investor relations; and
- consideration of safety performance, corporate governance, external relations and general management.

Long-term incentive

Long-term incentives (LTI) can comprise share options and/or performance rights (PR), which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder value. Options and rights are granted for no consideration and do not carry voting rights or dividend entitlements.

The Company has adopted an Employee Incentive Option Plan (Plan) as approved by shareholders at a General Meeting on 24 August 2016. Under the Plan, the Company may grant options to Company eligible employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 15% of the Company's total issued ordinary shares at the date of the grant.

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

16. REMUNERATION REPORT - AUDITED (continued)

(b) Executive remuneration strategy and framework (continued)

Consequences of performance on shareholder wealth

The overall level of key management personnel compensation takes into account the performance of the Company over a number of years, although no remuneration is directly linked with financial performance.

Performance in respect of the current financial year and the previous four financial years is detailed below:

Shareholder returns	2016	2015	2014	2013	2012
Net (loss) / profit attributable to equity holders (\$)	(724,129)	113,325	-	-	-
Basic loss per share EPS (cents)	(2.10)	-	-	-	-
Share price at year end (cents)	22.50	n/a	n/a	n/a	n/a
Market capitalisation (\$)	12,355,900	n/a	n/a	n/a	n/a
Net tangible assets / (liabilities) (NTA) (\$)	2,673,986	(61,233)	n/a	n/a	n/a
NTA Backing (cents)	4.87	0.21	n/a	n/a	n/a

(c) Service contracts

On appointment to the Board, all non-executive directors enter into a letter of appointment with the Company specifying their functions and duties as a Director.

Executive and Key Management Personnel (KMP) remuneration and other terms of employment are formalised in service agreements. The service agreements outline the components of compensation paid to the Executives and key management personnel (KMPs) but do not prescribe how compensation levels are modified year by year. Compensation levels are reviewed each year to take into account any change in the scope of the role performed by KMPs and any changes required to meet the principles of the compensation policy. The major provisions of the agreement relating to remuneration are set out below.

Name	Term of agreement	Employee notice period	Employer notice period	Base salary **	Termination Benefit ***
Craig Anderson	Ongoing from 29 January 2016	Three months	Three months	\$250,000	Six months' base salary

* On 29 January 2016, an Executive Services Agreement was entered into with Craig Stephen Anderson effective 29 January 2016.

** In addition to the base salary, the Company will make employer contributions on behalf of Mr Anderson to his nominated superannuation fund of an amount equivalent to the salary multiplied by the superannuation guarantee charge rate applicable at the time (currently 9.50%).

*** Termination benefits are payable upon early termination by the Group, other than for gross misconduct. They are equal to base salary and superannuation payable for the notice period.

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

16. REMUNERATION REPORT - AUDITED (continued)

(d) Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed by the Remuneration and Nomination Committee.

The fees approved by the Board are inclusive of the statutory superannuation amount.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$350,000 per annum.

Non-executive directors' base fees currently range from \$30,000 to \$60,000 per annum and they do not receive cash performance related compensation. Directors' fees cover all main board activities and memberships of sub-committees.

(e) Directors' remuneration

Name		Short-term employee benefits		Post-employment benefits	Total
		Salary and fees (A)	Non-monetary benefits (B)	Super-annuation	
		\$	\$	\$	\$
Non-executive directors					
Hamish Jolly ⁽¹⁾	2016	23,042	1,858	2,189	27,089
David McArthur ⁽¹⁾	2016	11,521	1,858	1,094	14,473
Sub-total non-executive directors' remuneration	2016	34,563	3,716	3,283	41,562
Executive directors					
Craig Anderson ⁽¹⁾	2016	111,538	1,858	9,987	123,383
Total current directors' remuneration	2016	34,563	3,716	3,283	41,562
Former directors					
Stockley Davis ⁽²⁾	2016	-	-	-	-
Dean Achmad ⁽²⁾	2016	-	-	-	-
Michael Cartwright ⁽²⁾	2016	-	-	-	-
Sub-total former directors' remuneration	2016	-	-	-	-
Total key management personnel remuneration	2016	146,101	5,574	13,270	164,945

⁽¹⁾ Appointed 29 January 2016, accordingly no 2015 comparative figures are disclosed;

⁽²⁾ No remuneration was paid to the former directors during the current or prior year.

Notes in relation to the table of directors' remuneration

(A) Includes annual leave

(B) Comprises Directors and Officers insurance premiums.

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

16. REMUNERATION REPORT - AUDITED (continued)

(f) Other KMP disclosures

KMP option holdings

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

KMP performance share holdings

	Held on appointment on 29 January 2016	Issued pursuant to acquisition	Held at 30 June 2016	Convertible at 30 June 2016
Executive directors				
Craig Anderson	-	12,980,743	12,980,743	12,980,743
Non-executive directors				
Hamish Jolly	-	12,980,743	12,980,743	12,980,743

KMP shareholdings

	Held on 29 January 2016	Held on resignation 29 January 2016	Issued pursuant to acquisition	Purchases	Held at 30 June 2016
Executive directors					
Craig Anderson	-		11,851,982	95,980	11,947,962
Non-executive directors					
Hamish Jolly	-		11,851,982	-	11,851,982
David McArthur	-		-	70,000	70,000
Stockley Davis	550,000	(550,000)	-	-	-
Dean Achmad	225,000	(225,000)	-	-	-
Michael Cartwright	50,000	(50,000)	-	-	-

Details of other transactions with key management personnel not involving direct compensation are disclosed in note 6.3.

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED.

SHARK MITIGATION SYSTEMS LIMITED
DIRECTORS' REPORT

For the year ended 30 June 2016

17. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in the Directors' Report for the financial year ended 30 June 2016.

This report is made in accordance with a resolution of the Directors.



CRAIG ANDERSON

Director

Dated at Perth, Western Australia this 23rd day of September 2016.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Shark Mitigation Systems Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
23 September 2016

N G Neill
Partner

CORPORATE GOVERNANCE STATEMENT

The 2016 Corporate Governance Statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year.

Shark Mitigation System Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of Corporate Governance. The Board continues to review the framework and practices to ensure that they meet the interests of shareholders. The Company and its controlled entity together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. Additionally, they comply with the 3rd edition of the ASX Corporate Governance Principles and Recommendations.

Board of Directors

Role of the Board

The matters expressly reserved to the Board of Directors are set out in a written policy and include:

- Establishment of long-term goals of the Group and strategic plans to achieve these goals
- Monitoring the achievement of these goals
- Review of the management accounts and reports to monitor the progress of the Group
- Review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance
- Review and approval of the annual and interim financial reports
- Nominating and monitoring the external auditor
- Approving all significant business transactions
- Appointing and monitoring senior management
- All remuneration, development and succession issues
- Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities
- Overseeing the process for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities
- Ensuring that the Company has a suitably qualified Company Secretary who shall be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board
- Ensuring that the Company reports on its measurable objectives in relation to gender diversity and assesses annually both the objectives and progress in achieving gender diversity

The Board delegates day to day operational matters to the management of the Company.

The Board evaluates this policy on an ongoing basis.

Board composition

The Directors' Report contains details of the Directors' skills, experience and education. The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Group's business with excellence. To maintain this, the Group's policy is that Executive Directors should serve at least 3 years. At the completion of the first 3 years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

Board composition (continued)

The specific skills that the Board collectively bring to the Company include:

- Industry Experience/ technical qualification
- Commercial experience
- Public company experience
- Analytical expertise
- Financial expertise
- Risk Management experience
- Strategic planning experience
- Strategic leadership experience
- Corporate Governance expertise
- Communications experience
- Inter personal experience

The chair of any sub committees formed by the Board has specific skills in the area for which they are responsible.

The Board does not have a director with legal experience. Any legal work is out-sourced to external lawyers.

The Board comprises one independent Non-Executive Director and two Executive Directors.

Directors' details are set out in the Directors' Report.

The Board is primarily responsible for identifying potential new Directors and has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent Director is given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to shareholders a candidate for election as a Director.

The Board ensures that shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The appointment of the Directors must be approved by the majority of the Shareholders at the first Annual General Meeting after the appointment.

Retirement and re-election of Directors

The Constitution of the Company requires one third of Directors (or the number nearest one third, rounded up), other than the Managing Director, to retire from office at each Annual General Meeting. No Director (other than the Managing Director) shall hold office for a period in excess of three years without seeking re-election.

Directors who have been appointed by the Board are required to retire from office at the Annual General Meeting following their appointment and are not taken in to account in determining the number of Directors to retire at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

Independence of Directors

The Board has reviewed the position and association of each of the Directors in office at the date of this report and considers that only David McArthur can be deemed independent. In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principles and Recommendations Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.

Although Mr Jolly has no material business or contractual relationship to the Company, nor any material pecuniary interest with the Company, he is not considered independent due to his substantial shareholding in the Company. Other than his shareholding, Mr Jolly does satisfy the test for independence.

Director Education

All new Directors complete an induction process. The Non-Executive Directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. The Board are specifically provided the opportunity to enhance their financial, regulatory and compliance skills in relation to public companies through external courses.

Independent Professional Advice

With prior approval of the Board, each Director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Performance Review

The performance of all Directors is assessed through review by the Board as a whole of a Director's attendance at and involvement in Board meetings, their performance and other matters identified by the Board or other Directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Directors conducted an internal performance evaluation of the Members of the Board during the reporting period.

Director Remuneration

Details of the Group's remuneration policies are included in the "Remuneration Report" section of the Directors Report.

Non-Executive Directors will be remunerated by cash payments (including statutory superannuation), may receive equity performance incentives and will not be provided with any benefits for ceasing to be a Director. The Executive Directors are remunerated by both fixed remuneration and equity performance based remuneration, subject to obtaining all regulatory approvals from shareholders. A reasonable period of notice of termination is required and is detailed in the Executive's employment contract.

Managing Business Risk

The Group maintains policies and practices designed to identify and manage significant risks including:

- regular budgeting and financial reporting
- procedures and controls to manage financial exposures and operational risks
- the Group's business plan
- corporate strategy guidelines and procedures to review and approve the Group's strategic plans
- Establish and continuously assess a Group Risk Profile which identifies all significant risk to the Group and controls that are in place to minimise or mitigate the risk.
- insurance and risk management programs which are reviewed by the Board

Managing Business Risk (continued)

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings.

The Board's review of business risk is also based on reports from the Audit and Risk Management Committee.

The Board receives regular reports about the financial condition and operating results of the consolidated Group. The Managing Director and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Group's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

The Company assesses its exposure to economic, environmental and social sustainability risks. The Board assesses the likely impact of changes and implements strategies to minimise exposure to these specific risks. Due to risk procedures adopted by the Company, it is not believed the Company has a material exposure to these risks.

The Company does not have an internal audit function. The Board has determined that the established internal controls for the Company, combined with the work of the audit and risk management committee, at this stage satisfactorily address the function that would otherwise be dealt with by an internal audit function.

Internal Controls

Procedures have been established at the Board and Executive management levels that are designed to safeguard the assets and interests of the Group, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To ensure these established procedures are being followed, the Directors:

- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

Board Committees

Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be Non-Executive Directors.

The primary role of the Audit function of the Committee is to:

- Assist the Board in fulfilling its overview of the audit process
- Assist the Board in overseeing financial reporting
- Assist the Board in fulfilling its overview of the systems of internal control which the Board and management have established
- Monitor, review and recommend the adoption of the financial statements of the Company
- Regularly review the adequacy of accounting, internal controls, reporting and other financial management systems and practices of the Company
- Review the financial report and other financial information distributed externally
- Review any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles

Audit and Risk Management Committee (continued)

- Review audit reports to ensure that if major deficiencies or breakdowns in controls or procedures are identified, appropriate and prompt remedial action is taken by management
- Review the nomination and performance of the auditor
- Liaise with external auditors and ensure that the annual and half-year statutory audits are conducted in an effective manner
- Monitor the establishment of appropriate ethical standards
- Monitor the procedures in place to ensure compliance with the Corporations Act 2001, Australian Accounting Standards, ASX Listing Rules and all other regulatory requirements
- Address any matters outstanding with the auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the ASX and financial institutions; and
- Improve the quality of the accounting function

The primary role of the risk function of the committee is to assist the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

Risk assessment and risk management are the responsibility of the Company's management. The Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports received from management.

The Committee shall have the following authority and responsibilities:

- Review and discuss with management the Company's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes in place for risk management
- Review and discuss with management the Board's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks
- Discuss with the Company's executive team the Company's risk assessment and risk management guidelines, policies and processes, as the case may be. The Risk Committee meets separately at least twice a year with the executive team
- Receive, as and when appropriate, reports from the Company's Executive General Manager-Corporate & Risk on the results of risk management reviews and assessments
- Review disclosure regarding risk contained in the Company's Annual Report
- Review and assess the nature and level of insurance coverage
- Initiate and monitor special investigations into areas of corporate risk or breakdowns in internal controls
- Discharge any other duties or responsibilities delegated to the Committee by the Board
- Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate
- Retain such outside counsel, experts and other advisors as the committee may deem appropriate in its sole discretion and approve related fees
- Report its actions and any recommendations to the Board
- Review at least annually the adequacy of this Charter and recommend any proposed changes to the board for approval

The Committee consists of the following Non-Executive Directors:

- Mr David McArthur (Committee Chair)
- Mr Hamish Jolly (Committee member)

SHARK MITIGATION SYSTEMS LIMITED

CORPORATE GOVERNANCE STATEMENT

Audit and Risk Management Committee (continued)

The auditors and the Managing Director are invited to attend Audit and Risk Management Committee meetings at the discretion of the Committee.

As the Company was only listed in May 2016, the Audit and Risk Management Committee has not met during the year.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates in accordance with its Charter. The main responsibilities of the Committee are:

- Determine remuneration policies and remuneration of Directors
- Determine remuneration and incentive policies of Key Executives
- Determine the Group recruitment, retention and termination policies and procedures for senior management
- Determine and review incentive schemes
- Ensure all Directors and senior executives have a written agreement setting out the terms of their appointment.
- Evaluate senior executive performance on an annual basis; this occurred during the 2016 financial year
- Determine and review superannuation arrangements of the Group
- Determine and review professional indemnity and liability insurance for Directors and senior management
- Review the Board composition to ensure the Board has the correct balance of skills and expertise
- Appointment of the Managing Director and the Company Secretary
- Approve the recommendation for the appointment of key management personnel presented to the Committee by the Managing Director
- Performance appraise the Board members and the Managing Director
- Succession planning for Board members and the Managing Director
- Approve the recommended succession planning for key management personnel presented to the Committee by the Managing Director
- Identify, evaluate and recommend candidates for the Board, the position of Managing Director and the position of Company Secretary

The Remuneration and Nomination Committee can seek independent external advice from consultants with specific industry experience relevant to Shark Mitigation System's remuneration assessment.

Specific policies and procedures regarding remuneration determination are contained within the Directors Report.

The Committee consists of the following Non-Executive Directors:

- Mr Hamish Jolly (Committee Chair)
- Mr David McArthur (Committee Member)

The Committee did not have a specific need to meet during the year.

Ethical Standards

Code of Conduct

In pursuit of the highest level of ethical standards, the Group has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Group's affairs. This code is provided to all Directors and employees. The code stipulates that any unethical behaviour is to be reported to the Group's Managing Director as soon as possible.

The Code of Conduct is based on respect for the law and the rights of individuals, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

Trading in the Company's Securities by Directors and Employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all Directors and employees. Under the policy, Directors are prohibited from short-term or "active" trading in the Group's securities and Directors and employees are prohibited from dealing in the Group's securities whilst in the possession of price sensitive information. The Company's Managing Director must be notified of any proposed transactions in the Company's shares.

Any Director or employee receiving shares pursuant to the Company's equity based remuneration scheme (refer to the remuneration report) is not permitted to enter into transactions which limit the economic risk of participating in the scheme.

This policy is provided to all Directors and employees. Compliance with it is reviewed on an on-going basis in accordance with the Company's risk management systems.

Continuous Disclosure

The Group has in place a continuous disclosure policy, a copy of which is provided to all Group officers and employees who may from time to time be in possession of undisclosed information that may be material to the price or value of the Group's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure officers and employees of the Group understand these obligations.

The procedure adopted by the Group is essentially that any information which may need to be disclosed must be brought to the attention of the Board (where practicable) and any other appropriate personnel (including external advisors if deemed appropriate) will consider the information and whether disclosure is required. If disclosure is deemed necessary, an appropriate announcement will be prepared for release to the market as soon as possible.

At least once every 12 months' period, the Board will review the company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Communication with Shareholders

The Board aims to ensure that Shareholders are kept fully informed of all major developments affecting the Group. Information is communicated to Shareholders as follows:

- As the Company is a disclosing entity, regular announcements are made to the ASX in accordance with the Group's disclosure policy, including the half-year review, the year-end audited accounts and an Annual Report
- The Board ensures the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments

Communication with Shareholders

- Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry or electronically via the website
- Shareholders are provided the opportunity to receive communications electronically through the Company's share registry
- Any proposed major changes in the Group's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001 and the ASX Listing Rules
- The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report
- The Board seek feedback from proxy advisers to assess the appropriateness and adequacy of its reporting to shareholders

The Board reviews this policy and compliance with it on an ongoing basis.

Diversity Policy

The Group is committed to workplace diversity at all levels and recognises the benefits arising from employee and Board diversity. The benefits include a broader pool of high quality employees, improved employee retention, accessing different perspectives and ideas, and benefitting from all available talent.

The Group recognises that diversity includes matters of age, disability, ethnicity, marital and family status, religion and culture, sexual orientation and gender identity.

The Group strives to:

- Recruit and manage on the basis of an individual's competence, qualification and skills and performance
- Create a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff
- Appreciate and respect the unique aspects that an individual brings to the workplace
- Where possible and practicable, increase participation and employment opportunities for indigenous people
- Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and at all times recognising that employees may have restrictions placed on them by domestic responsibilities outside the workplace
- Take action to prevent discrimination, harassment, vilification or victimisation
- Create awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity
- Identify and implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees, and to offer employees opportunities to reach management levels with the Group

The Board is committed to workplace diversity and has developed measurable objectives and strategies to support the framework and objectives of the Diversity Policy, and the Board is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms. For the 2016 financial year the Boards' objectives were met by the Group. The Board assesses the progress and achievement of the objectives.

SHARK MITIGATION SYSTEMS LIMITED CORPORATE GOVERNANCE STATEMENT

Diversity Policy (continued)

Pursuant to ASX Corporate Governance Recommendation 1.5, the Company discloses the following information as at the date of this report:

Percentage details	Women	Men
Women and Men employed within the Group	-	100%
Women and Men at senior management level	-	100%
Women and Men employed at Board level	-	100%
Women and men employed by corporate services provider	75%	25%

ASX Corporate Governance principals and recommendations not followed - "if not, why not" approach

Pursuant to the ASX Listing Rules, the Company advises that it does not comply with the following Corporate Governance Principles and Recommendations, issued by the ASX Corporate Governance Council. Reasons for the Company's non-compliance are detailed below.

Recommendation 2.1

A majority of the Board should be independent directors

Recommendation 4.2

The audit and risk management committee should be structured so that it:

- *consists only of non-executive directors*
- *consists of a majority of independent directors*
- *is chaired by an independent chair, who is not chair of the Board*
- *has at least three members*

Recommendation 8.2

The remuneration and nomination committee should be structured so that it:

- *consists of a majority of independent directors*
- *is chaired by an independent chair*
- *has at least three members*

Only one of the three director's is considered independent. In view of the size of the Company and the nature of its activities, the Board considers that the current Board structure is a cost effective and practical means of directing and managing the Company.

While the ASX Principles recommend an ideal structure for the audit and risk management and remuneration and nomination committees, they recognise that for smaller Boards it may not be possible to implement such a structure.

Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with these ASX Principles to be materially detrimental to the Company.

This statement is current as at 30 June 2016 and has been approved by the Board.



Director – Hamish Jolly



Director – David McArthur

SHARK MITIGATION SYSTEMS LIMITED
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Cash and cash equivalents	4.1	2,777,198	39,222
Trade and other receivables	4.2	104,594	1,095
Prepayments		16,536	-
Current tax assets		242,637	-
Total current assets		3,140,965	40,317
Intangible assets	3.1	1,134,829	351,384
Investment in associates	6.5	48,292	-
Loans to associates		14,420	-
Deferred tax assets	2.6(c)	1,745	-
Total non-current assets		1,199,286	351,384
Total assets		4,340,251	391,701
Liabilities			
Trade and other payables	4.3	186,073	1,445
Borrowings	5.2	12,161	-
Current tax liabilities		-	785
Employee entitlements	2.4	6,410	-
Deferred income		20,745	-
Total current liabilities		225,389	2,230
Deferred tax liabilities	2.6(c)	306,047	99,320
Total non-current liabilities		306,047	99,320
Total liabilities		531,436	101,550
Net assets		3,808,815	290,151
Equity			
Issued capital	5.1	3,936,393	100
Reserves	6.1	306,500	-
Accumulated (losses) / Retained earnings		(434,078)	290,051
Total equity attributable to equity holders of the Company		3,808,815	290,151

The accompanying notes are an integral part of these financial statements.

SHARK MITIGATION SYSTEMS LIMITED
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue from continuing operations			
Sales	2.2	378,481	184,064
Other revenue	2.3	5,884	64
Total Revenue		384,365	184,128
Share of profit of associate	6.5	48,290	-
Other gains		988	-
Expenses			
Personnel expenses	2.4	(164,945)	-
Administrative expenses		(149,942)	(3,518)
Listing expense on acquisition of Shark Mitigation	1.7(l)	(431,711)	-
Professional fees		(433,413)	(19,177)
Other expenses		(13,409)	(2,350)
Finance expenses	2.5	(1,485)	(17,084)
Results from operating activities		(761,262)	141,999
(Loss) / profit before income tax		(761,262)	141,999
Income tax benefit / (expense)	2.6	37,133	(28,674)
(Loss) / profit for the year from continuing operations		(724,129)	113,325
(Loss) / profit for the year		(724,129)	113,325
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(724,129)	113,325
(Loss) / profit attributable to owners of the Company		(724,129)	113,325
Total comprehensive (loss) / profit attributable to owners of the Company		(724,129)	113,325
Loss per share			
Basic and diluted loss per share (cents per share)	2.7	(2.10)	n/a

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

		Attributable to equity holders of the Company			
	Note	Share capital	Share-based payments reserve	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1 July 2014		100	-	176,726	176,826
Total comprehensive income for the year		-	-	113,325	113,325
Balance at 30 June 2015		100	-	290,051	290,151
Balance at 1 July 2015		100	-	290,051	290,151
Total comprehensive loss for the year		-	-	(724,129)	(724,129)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	5.1	4,528,577	-	-	4,528,577
Share-based payment transactions	6.1	-	306,500	-	306,500
Capital raising costs	5.1	(592,284)	-	-	(592,284)
Total contributions by and distributions to owners		3,936,293	306,500	-	4,242,793
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

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		421,735	196,791
Cash paid to suppliers and employees		(615,903)	(24,129)
Interest received		5,484	64
Income taxes (paid) / received		(1,308)	35,554
Net cash (used in) / from operating activities	4.1(b)	(189,992)	208,280
Cash flows from investing activities			
Payments for capitalised research and development		(693,873)	(106,182)
Payments for plant and equipment		(684)	-
Cash held by Shark Mitigation Systems Limited at acquisition date	1.7(k)	408,861	-
Loans to associate		(14,421)	-
Net cash used in investing activities		(300,117)	(106,182)
Cash flows from financing activities			
Proceeds from issue of shares capital	5.1	3,500,000	-
Proceeds from borrowings	5.2	23,430	-
Payment of capital raising costs		(282,591)	-
Payment of transaction costs related to loans		(60)	-
Repayment of premium funding facility	5.2	(12,694)	-
Repayment of loans from related parties		-	(91,458)
Net cash from / (used in) financing activities		3,228,085	(91,458)
Net increase in cash and cash equivalents		2,737,976	10,640
Cash and cash equivalents at 1 July		39,222	28,582
Cash and cash equivalents at 30 June	4.1(a)	2,777,198	39,222

The accompanying notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

SECTION 1 BASIS OF PREPARATION

Shark Mitigation Systems Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2016 financial statements, we have grouped notes into sections under six key categories:

1. Basis of preparation
2. Results for the year
3. Assets and Liabilities
4. Working capital disclosures
5. Equity and funding
6. Other disclosures

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

1.1 GENERAL INFORMATION

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Level 2, 55 Carrington Street, Nedlands, WA, 6009.

The Company was formally admitted to public listing on the Australian Securities Exchange on 12 May 2016 following its successful initial public offering which raised \$3.5 million (before costs) from the issue of 17,500,000 fully paid ordinary shares at an issue price of \$0.20 per share.

The Group is primarily involved in the development and commercialisation of marine technology.

The consolidated financial statements of the Group as at and for the year ended 30 June 2016 comprising the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") were authorised for issue by the Board of Directors on 23 September 2016. The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Company's functional currency;
- adopt all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 October 2014. Refer to note 6.9 for further details; and
- do not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 6.10 for further details.

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associated is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition charges in the Group's share of net assets of the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where a joint arrangement is classified as a joint operation the Group recognises its proportionate share of revenue, expenditure, assets and liabilities.

1.3 FOREIGN CURRENCIES

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a foreign exchange gain or loss may arise. Any such differences are recognised in the income statement. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

1.4 RESEARCH AND DEVELOPMENT EXPENDITURE TAX OFFSET

The Group undertakes expenditure on activities that are categorised as 'eligible expenditure' under the Research & Development Tax Concession which dependent upon certain criteria may be subject to a tax offset. Under AASB 120, where a tax offset has been received or is receivable in cash, the Group accounts for the tax offset as follows:

- Where a grant is received or receivable in relation to research and development costs which have been capitalised, the tax offset shall be deducted from the carrying amount of the asset; or
- Where a grant is received or receivable in relation to research and development costs which have been charged to the profit and loss account during this or a prior financial year, the tax offset shall be credited to the profit and loss account.

1.5 IMPAIRMENT

Financial assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investments are recognised by reclassifying the cumulative loss that has been recognised in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than deferred tax assets (DTAs), to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU).

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

1.6 ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

- *Note 1.7* - *Business combinations and reverse acquisition accounting*
- *Note 2.6* - *Income tax expense*
- *Note 3.1* - *Intangible assets*
- *Note 6.1* - *Share-based payments*

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.7 BUSINESS COMBINATIONS

Accounting Policy

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised to profit or loss.

Reverse acquisition accounting

On 29 January 2016 Shark Mitigation Systems Limited (formerly Sena Resources Limited) acquired 100% of Shark Attack Mitigation Systems Pty Ltd (formerly Shark Mitigation Systems Pty Ltd). Under the Australian Accounting Standards Shark Attack Mitigation Systems Pty Ltd (SAMS) was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share-based payment by which SAMS acquires the net assets and listing status of Shark Mitigation Systems Limited.

Accordingly, the consolidated financial statements of Shark Mitigation Systems Limited have been prepared as a continuation of the business and operations of SAMS. As the deemed acquirer SAMS has accounted for the acquisition of Shark Mitigation Systems Limited from 29 January 2016. The comparative information for the year ended 30 June 2015 presented in the consolidated financial statements is that of SAMS as presented in its last set of year-end financial statements.

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.7 BUSINESS COMBINATIONS (continued)

Reverse acquisition accounting (continued)

The implications of the acquisition by Shark Attack Mitigation Systems Pty Ltd ("SAMS") on the financial statements are as follows:

a) Statement of Profit or Loss and Other Comprehensive Income

- The statement of profit or loss and other comprehensive income comprises the total comprehensive income for the year ended 30 June 2016.
- The statement of profit or loss and other comprehensive income comparatives comprises the full financial year for SAMS Pty Ltd only.

b) Statement of Financial Position

- The statement of financial position as at 30 June 2016 represents the combination of the Shark Mitigation Systems Group.
- The statement of financial position comparative represents SAMS Pty Ltd only as at 30 June 2015.

c) Statement of Changes in Equity

- The statement of changes in equity comprises:
 - The equity balance of SAMS Pty Ltd as at 1 July 2015.
 - The total comprehensive income for the financial year and transactions with equity holders, being the 12 months from SAMS Pty Ltd for the year ended 30 June 2016 and the period from 29 January 2016 until 30 June 2016 for Shark Mitigation Systems Limited.
 - The equity balance of the combined SAMS Pty Ltd and Shark Mitigation Systems Limited at 30 June 2016.
- The Statement of changes in equity comparatives comprises the full financial year for SAMS Pty Ltd for the 12 months ended 30 June 2015.

d) Statement of Cash Flows

- The Statement of cash flows comprises:
 - The cash balance of SAMS Pty Ltd at 1 July 2015.
 - The transactions for the 12 months from SAMS Pty Ltd for the period ended 30 June 2016 and the period from 29 January 2016 until 30 June 2016 for Shark Mitigation Systems Limited.
 - The cash balance of the combined SAMS Pty Ltd and Shark Mitigation Systems Limited at 30 June 2016.
- The Statement of cash flows comparatives comprises the full financial year of SAMS Pty Ltd for the year ended 30 June 2015.

e) Equity Structure

The equity structure (the number and type of the equity structure (the number and type of equity instruments issued) in the financial statements reflects the consolidated equity structure of Shark Mitigation Systems Limited and SAMS Pty Ltd. The comparatives reflect the equity structure of SAMS Pty Ltd.

f) Earnings Per Share

The weighted average number of shares outstanding for the year ended 30 June 2016 is based on the weighted average number of shares of Shark Mitigation Systems Limited outstanding in the period following the acquisition.

g) Deemed Consideration

The purchase consideration was the issue of 28,219,005 shares in Shark Mitigation Systems Limited (legal parent) to the shareholders of SAMS Pty Ltd deemed to have a value of \$810,625 determined as follows:

Number of Shark Mitigation Systems Limited pre-acquisition	8,106,250
Share price based on previous capital raising	\$0.10
Deemed consideration	\$810,625

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.7 BUSINESS COMBINATIONS (continued)

Reverse acquisition accounting (continued)

g) Deemed Consideration (continued)

Shark Mitigation Systems Limited issued 1,089,758 shares in Shark Mitigation Systems Limited to promoters as consideration for an introduction fee with a deemed value of \$217,952 based on the prospectus share price of 20 cents each.

Shark Mitigation Systems Limited also issued a total of 28,997,850 deferred consideration shares to the shareholders of SAMS Pty Ltd which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date.

No value has been allocated to the deferred consideration shares due to the significant uncertainty of meeting the performance milestones which are based on future events.

h) Deemed Shark Mitigation Systems Limited share capital

	\$
Historical issued capital balance at 29 January 2016	1,012,957
Elimination of Shark Mitigation Systems Limited issue capital	(1,012,957)
Deemed consideration on acquisition (g)	810,625
Total Shark Mitigation Systems Limited share capital on completion	<u>810,625</u>

i) Shark Mitigation Systems Limited share option reserve

Historical share option reserve balance at 29 January 2016	-
Issue of 5 million options to promoters	306,500
Total Shark Mitigation Systems Limited share option reserve on completion	<u>306,500</u>

j) Shark Mitigation Systems Limited accumulated losses pre-completion

Historical accumulated losses at 30 June 2015	539,904
Loss incurred from 1 July 2015 to 29 January 2016	94,138
Shark Mitigation Systems Limited accumulated losses at acquisition date	634,042
Elimination of Shark Mitigation Systems Limited accumulated losses	(634,042)
Total Shark Mitigation Systems Limited accumulated losses on completion	<u>-</u>

k) Assets and liabilities acquired

Cash and cash equivalents	408,861
Trade and other receivables	9,958
Other assets	245
Trade and other payables	(40,150)
Net assets	<u>378,914</u>

l) Listing expense

Deemed consideration	810,625
Less: net assets of Shark Mitigation Systems Limited	(378,914)
Total Shark Mitigation Systems Limited listing expense *	<u>431,711</u>

* a one off non-cash expense from the Australian Accounting Standards treatment of the acquisition of the Shark Mitigation Systems Group.

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group, with disclosures including segmental information, components of the operating profit, taxation and earnings per share.

Key estimates and assumptions in this section

Deferred taxation

The Group has unrecognised carry forward tax losses which can be utilised against future taxable profits.

2.1 OPERATING SEGMENTS

Information about reportable segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently operates in two distinct segments:

- SAMS visual shark deterrent technology design, development and commercialisation for wetsuits, water apparel and marine craft applications
- Clever Buoy near shore shark detection device technology design, development and commercialisation

The SAMS visual deterrent technology segment generates income through licensing and royalty arrangements with both local and overseas suppliers.

The Clever Buoy technology segment generates income from sale/rental of units, installation, service and support of the systems within Australia and overseas.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments, are determined in accordance with *AASB 8 Operating Segments*.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment for the years under review:

	Assets		Liabilities	
	2016 \$	2015 \$	2016 \$	2015 \$
SAMS visual deterrent technology	328,007	64,706	-	-
Clever Buoy shark detection technology	822,111	286,177	(26,886)	-
Total segment assets and liabilities	1,150,118	350,883	(26,886)	-
Investment in associates	48,292	-	-	-
Loans to associates	14,420	-	-	-
Corporate and other segment assets/liabilities	3,127,421	40,818	(504,550)	(101,550)
Total	4,340,251	391,701	(531,436)	(101,550)

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 OPERATING SEGMENTS (continued)

Segment assets and liabilities (continued)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than listing expense and deferred tax assets. Listing expense is allocated to the corporate segment as described in note 1.7(l); and
- all liabilities are allocated to reportable segments other than Group Entity liabilities and deferred tax liabilities.

The chief operating decision maker monitors the cash, receivables and payables position. This is the information that the chief operating decision maker receives and reviews to make decisions.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable operating segment.

	Revenue		Segment profit/(loss)	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
SAMS visual deterrent technology	8,787	33,064	8,202	33,064
Clever Buoy shark detection technology	369,694	151,000	368,857	151,000
Total for continuing operations	378,481	184,064	377,059	184,064
Share of profits of associate			48,290	-
Finance income			5,484	64
Central and administration expenses			(758,899)	(25,045)
Finance expense			(1,485)	(17,084)
Listing expense on acquisition of Shark Mitigation			(431,711)	-
(Loss) / profit before tax			(761,262)	141,999

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2015.

Information about major customers

The Group's top customers greater than 10% of revenue account for 96.57% (2015: 82.04%) of direct sales. The table below shows the split between the two main segments.

Top ranking customers	Percentage of total sales		SAMS technology		Clever buoy technology	
	2016 %	2015 %	2016 \$	2015 \$	2016 \$	2015 \$
First	96.57	82.04	-	-	365,487	151,000

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 REVENUE

Accounting Policy

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amounts of goods and services tax (GST).

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be measured reliably. If this is the case, then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured, then revenue is recognised to the extent of expenses recognised that are recoverable.

	2016	2015
	\$	\$
Rendering of services	369,694	156,514
Royalties and commissions	8,787	27,550
	378,481	184,064

2.3 OTHER INCOME

Accounting Policy

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Group.

Finance income

Interest is recognised using the effective interest method.

	2016	2015
	\$	\$
Finance income	5,484	64
Debt forgiveness	400	-
	5,884	64

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.4 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

Accounting Policy

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of the future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Share-based payments

The policy relating to share-based payments is set out in note 6.1.

The table below sets out personnel costs expensed during the year.

	Note	2016 \$	2015 \$
Directors' remuneration	6.3	164,945	-

The table below sets out employee benefits at the reporting date.

Current	2016 \$	2015 \$
Liability for annual leave	(6,410)	-

2.5 FINANCE COSTS

Accounting Policy

Finance costs comprise income on funds invested and interest expense on borrowings. Interest expense on short term borrowings is recognised as it accrues in profit or loss, using the effective interest method.

	Note	2016 \$	2015 \$
Interest expense on financial liabilities measured at amortised cost			
Loans from related parties		-	17,084
Finance charges	5.2	1,425	-
Other finance charges		60	-
Net finance expense recognised in profit or loss		1,485	17,084

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.6 INCOME TAX EXPENSE

Accounting Policy

Income tax expense comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the balance date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(a) Amounts recognised in profit or loss

	2016	2015
	\$	\$
Current tax (expense) / benefit		
Current tax	242,115	(786)
Deferred tax	(204,982)	(27,888)
Total income tax benefit / (expense)	37,133	(28,674)

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.6 INCOME TAX EXPENSE (continued)

(b) Reconciliation of effective tax rate

	2016	2015
	\$	\$
(Loss) / profit for the year	(724,129)	113,325
Total income tax benefit / (expense)	(37,133)	28,674
(Loss) / profit excluding income tax	(761,262)	141,999
Income tax at the Australian tax rate of 28.5% (2015: 30%)	(216,960)	42,600
<i>Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:</i>		
Entertainment	1,429	523
Share-based payments	311	-
Non-assessable income	(13,763)	-
Research and development benefit	(122,087)	(15,427)
Listing expense on reverse acquisition	123,038	-
Other permanent differences	171	(246)
Change in corporate tax rate in SBE	(4,966)	-
Under / (over) provision in prior years	-	1,224
Deferred tax assets not brought to account	195,694	-
	(37,133)	28,674

(c) Recognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	2016	2015
	\$	\$
Deferred tax liabilities (DTLs)		
Prepayments	21	-
Research and development	305,232	99,320
Other temporary differences	794	-
Net deferred tax liability recognised	306,047	99,320
Deferred tax assets (DTAs)		
Other temporary differences	1,745	-

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.6 INCOME TAX EXPENSE (continued)

(d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2016	2016
	\$	\$
Deferred tax assets (DTAs)		
Tax losses	171,328	-
Expenses taken into equity	65,159	-
Other temporary differences	45,347	-
	281,834	-
Off-set of deferred tax liabilities	(4,692)	-
Net deferred tax assets unrecognised	277,142	-

The DTA on tax losses only includes the tax loss for the period 29 January 2016 to 30 June 2016 for Shark Mitigation Systems Limited as it is unlikely that losses prior to the acquisition date will be available due to current tax legislation.

2.7 LOSS PER SHARE

(a) Basic loss per share

Earnings / (loss) per share (EPS) is the amount of post-tax profit or loss attributable to each share.

The calculation of basic loss per share at 30 June 2016 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being share options on issue.

Loss per share attributable to ordinary shareholders

	2016	2015
Net (loss) / profit attributable to ordinary shareholders - \$	(724,129)	113,325
Issued ordinary shares at 1 July	100	100
Effect of shares issued	34,479,016	-
Weighted average number of ordinary shares at 30 June	34,479,116	100
Basic and diluted loss per share (cents) *	(2.10)	-

* At 30 June 2016, 5,000,000 options (30 June 2015: nil options) and 28,997,850 performance shares (30 June 2015 nil performance shares) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

SECTION 3 ASSETS AND LIABILITIES

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing development as well as capital and other commitments existing at the year end.

Key estimates and assumptions in this section

Indicators of impairment

The Group has reviewed capitalised development for indicators in accordance with AASB 138 and concluded that impairment indicators did not exist at year end. In making this assessment, management is required to make assessments on the status of each project and the future plans towards successful development and commercialisation.

3.1 INTANGIBLE ASSETS

Information about intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Accounting Policy

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years, once the asset is ready for use.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment

Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest. The Group performs impairment testing in accordance with note 1.5.

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 INTANGIBLE ASSETS (continued)

	SAMS Patents \$	SAMS Development \$	Clever Buoy Patents \$	Clever Buoy Development \$	Formation Costs \$	Total \$
Gross carrying amount						
Balance at 1 July 2014	8,360	50,517	-	187,587	1,253	247,717
Additions	4,622	2,970	8,600	89,990	-	106,182
Disposals	-	-	-	-	-	-
Balance at 30 June 2015	12,982	53,487	8,600	277,577	1,253	353,899
Balance at 1 July 2015	12,982	53,487	8,600	277,577	1,253	353,899
Additions	44,556	210,248	120	529,674	-	784,598
Disposals	-	-	-	-	-	-
Balance at 30 June 2016	57,538	263,735	8,720	807,251	1,253	1,138,497
Amortisation						
Balance at 1 July 2014	1,030	-	-	-	501	1,531
Amortisation for the year	733	-	-	-	251	984
Balance at 30 June 2015	1,763	-	-	-	752	2,515
Balance at 1 July 2015	1,763	-	-	-	752	2,515
Amortisation for the year	902	-	-	-	251	1,153
Balance at 30 June 2016	2,665	-	-	-	1,003	3,668
Carrying amounts						
Balance at 30 June 2015	11,219	53,487	8,600	277,577	501	351,384
Balance at 30 June 2016	54,873	263,735	8,720	807,251	250	1,134,829

3.2 COMMITMENTS

Royalty commitments

The Group has entered into various license agreements which call for royalties to be paid as a percentage of gross revenue, less agreed deductions. These amounts are yet to be determined.

SECTION 4 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

4.1 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(a) Reconciliation of cash and cash equivalents

	2016	2015
	\$	\$
Cash and cash equivalents in the statement of cash flows	2,777,198	39,222

(b) Reconciliation of cash flows from operating activities

Cash flows from operating activities

Operating profit / (loss) Loss after tax	(724,129)	113,325
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Adjustments for:

Depreciation and amortisation	1,837	984
Equity-settled share-based payment transactions	217,952	-
Net finance expense	1,485	17,084
Share of profits of associate	(48,290)	-
Listing expense on acquisition of Shark Mitigation	431,711	-

Change in operating assets and liabilities:

(Increase) / decrease in:

Trade and other receivables	(93,541)	13,012
Prepayments	(16,292)	-
Current tax assets	(242,637)	35,554
Deferred tax assets	(1,745)	-
Trade and other payables	50,560	(352)
Current tax liabilities	(785)	785
Deferred tax liabilities	206,727	27,888
Deferred income	20,745	-
Employee entitlements	6,410	-

Net Cash from (used in) operating activities	(189,992)	208,280
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SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are recognised initially at the value of the invoice sent to the counter-party and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding charge to the consolidated statement of profit or loss.

	Note	2016 \$	2015 \$
Current			
Trade debtors		15,780	-
Authorised government agencies		61,373	804
Other receivables		27,441	291
		104,594	1,095

Information about the Group's exposure to credit and market risks is included in note 6.2.

4.3 TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid at the end of the month following date of recognition.

	2016 \$	2015 \$
Current		
Trade payables	152,320	-
Non-trade payables and accrued expenses	33,753	1,445
	186,073	1,445

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 6.2.

SECTION 5 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital and loans and borrowings.

5.1 CAPITAL AND RESERVES

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2016	2015	2016	2015
On issue at 1 July	100	100	100	294,131
<i>Shares issued and expensed during the year:</i>				
Issue of shares at 20 cents each	17,500,000	-	3,500,000	-
Shares for acquisition of SAMS Pty Ltd, deemed consideration for acquisition	28,219,005	-	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	-	-	-
Capital raising costs	-	-	(592,284)	-
On issue at 30 June	54,915,113	100	3,936,393	100

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Group. Option holders cannot participate in any new share issues by the Group without exercising their options.

In the event of a winding up of the Group, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

The Company has also share options on issue (see note 6.1).

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of shares to be issued to directors, consultants and employees. This reserve will be transferred to capital once the shares have been issued.

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.2 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 6.2.

	2016	2015
	\$	\$
Current		
<i>Unsecured</i>		
Premium funding facility	12,161	-
	12,161	-
Premium Funding Facility		
Opening balance	-	-
Premium funding facility	23,430	-
Interest expense	1,425	-
Less repaid	(12,694)	-
	12,161	-

SECTION 6 OTHER DISCLOSURES

The disclosures in this section focuses on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

Key estimates and assumptions in this section

Share-based payments

The fair value of share options is measured using the Black-Scholes options pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the company's historic volatility, particularly over the historic period commensurate with the expected term) and weighted average expected life of the instruments (based on historical experience), expected dividends (if any) and the risk free interest rate (based on government bonds). Service and non-market conditions are not taken into account in determining fair value.

6.1 SHARE-BASED PAYMENT PLANS

Accounting Policy

The share option programme allows Group employees to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

The share-based payment expense included within the consolidated statement of comprehensive profit or loss can be broken down as follows:

	30 June 2016 \$	30 June 2015 \$
Expensed in capital raising costs		
Options issued to the promoter of the acquisition	306,500	-

Equity-settled share option programme

The Company adopted an Employee Share Options Scheme (ESOS) effective 24 August 2016. Under the ESOS, the Company may grant options and rights to Company eligible participants over a period of 3 years to acquire securities up to a maximum of 15% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is estimated using the Black-Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and is granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and are settled in cash.

Options may not be transferred other than to an associate of the holder.

SHARK MITIGATION SYSTEMS LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 SHARE-BASED PAYMENT PLANS (continued)

Options

At 30 June 2016, a summary of the Group options issued and not exercised are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Balance at the end of the year	Vested and exercisable at the end of the year
12-May-16	12-May-16	30-Jun-19	25	-	5,000,000	5,000,000	5,000,000
Total				-	5,000,000	5,000,000	5,000,000
Weighted Average Exercise Price (cents)					25	25	

During the year ended 30 June 2016, nil options were forfeited or expired (year ended 30 June 2015: nil options forfeited or expired)
 At the exercise date, the weighted average remaining contractual life of options outstanding at year end was 3 years (30 June 2015: n/a).
 The weighted average exercise price of outstanding shares at the end of the reporting period was 25 cents (30 June 2015: n/a).

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 SHARE-BASED PAYMENT PLANS (continued)

Options (continued)

Key valuation assumptions made at valuation date are summarised below:

Key value assumptions

Exercise price (cents)	25
Grant date	12-May-16
Expiry date	30-Jun-16
Life of the options (years)	3.13
Volatility	50%
Risk free rate	2%

6.2 FINANCIAL RISK MANAGEMENT

Accounting Policy

Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the statement of financial position in accordance with AASB 139 *Financial Instruments*:

- Loans and receivables – separately disclosed as cash and cash equivalents and trade and other receivables;
- Financial liabilities measured at amortised cost – separately disclosed as borrowings and trade and other payables

Judgement is required when determining the appropriate classification of the Group's financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

Recognition and de-recognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the statement of financial position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.2. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. The demographics of the Group's customer base have little influence on credit risk and there is no concentration of risk demographically.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2016	2015
	\$	\$
Trade debtors	15,780	-
Authorised government agencies	61,373	804
Other receivables	27,441	291
Cash and cash equivalents	2,777,198	39,222
	2,881,792	40,317

At 30 June 2016, the Group's maximum exposure to credit risk for trade receivables was primarily attributable to Australian customers. No collateral risk is held as security for this credit risk. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. There were no favourable derivative financial instruments at the end of the reporting period.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	12 months or less
	\$	\$	\$
30 June 2016			
Non-derivative financial liabilities			
Trade and other payables	186,073	186,073	186,073
Interest bearing liabilities	12,161	12,694	12,694
	198,234	198,767	198,767
30 June 2015			
Non-derivative financial liabilities			
Trade and other payables	1,445	1,445	1,445

The balances above will not always agree to the financial statements as the contractual cash flows above are undiscounted. The carrying amount is the balance as recognised in the statement of financial position.

SHARK MITIGATION SYSTEMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.2. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change to the manner in which the Group manages market risk from the previous year.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. At the reporting date, this risk was not material.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to management of the Group is as follows:

Category	30 June 2016		30 June 2015	
	Weighted	Balance	Weighted	Balance
	Average		Average	
	Interest rate		Interest rate	
	%	\$	%	\$
Cash and cash equivalents	0.979	2,777,198	-	39,222

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities (including the premium funding facility) at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by \$27,771 / \$(27,154). This analysis assumes that all other variables remain constant.

Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents, trade and other receivables, trade creditors, other creditors, accruals and employee entitlements have been excluded from the above analysis as their fair values are equal to the carrying values. The carrying value of interest bearing borrowings approximate its fair value.

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.3 RELATED PARTIES

Key management personnel compensation included in 'personnel expenses' (note 2.4) comprises the following:

		30 June 2016	30 June 2015
	Note	\$	\$
Short term employee benefits		151,675	-
Post-employment benefits		13,270	-
	2.4	164,945	-

Individual directors and executives' compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by S300A of the Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration report section of the Directors' report in section 14.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Transactions value		Balance outstanding as at 30 June	
	Note	30 June 2016	30 June 2015	2016	2015
		\$	\$	\$	\$
Key management Transaction					
David McArthur Management fee	(i)	30,000	-	6,000	-
Total and current liabilities				6,000	-

Key to table

- (i) The Company paid a management fee to Broadway Management Pty Ltd, a company associated with Mr McArthur, for the management of the accounting, financial reporting and statutory compliance functions of the Company.

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.4 SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Financial year end	Proportion of ownership interest and voting power held by the Group	
				2016 %	2015 %
Shark Attack Mitigation Systems Pty Ltd		Australia	30 June	100	-

6.5 ASSOCIATES

Details of the Group's material associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2016 %	2015 %
Seabin Pty Ltd	Marina cleaning technology	Australia	20%	20%

The above associate is accounted for using the equity method in these consolidated financial statements.

	2016 \$	2015 \$
Interests in associates	48,292	-
Reconciliation of movement in investments accounted for using the equity method		
Balance at 1 July	-	-
Investment	2	-
Share of profit for the year	48,290	-
Balance at 30 June	48,292	-

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.5 ASSOCIATES (continued)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs adjusted by the Group for equity accounting purposes.

	2016	2015
	\$	\$
Financial position		
Current assets	223,749	-
Non-current assets	32,132	-
Non-current liabilities	(14,420)	-
Financial performance		
Revenue	348,458	-
Profit / (loss) for the year	241,450	-
Total comprehensive income / (loss) for the year	241,450	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	2016	2015
	\$	\$
Net assets of the associate	241,461	-
Proportion of the Group's ownership interest in associate	20%	-
Carrying amount of the interest in associate	48,292	-

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.6 PARENT COMPANY DISCLOSURES

As at, and throughout the financial year ended 30 June 2016, the parent entity of the Group was Shark Mitigation Systems Limited.

	2016	2015
	\$	\$
Result of the parent entity		
Loss for the year	(688,036)	(32,139)
Other comprehensive income	-	-
Total comprehensive loss for the year	(688,036)	(32,139)
Financial position of parent entity at year end		
Current assets	2,806,953	78,052
Total assets	4,055,633	78,052
Current liabilities	(121,962)	(5,000)
Total liabilities	(121,962)	(5,000)
Total equity of the parent entity comprising of:		
Share capital	4,949,250	612,957
Reserves	306,500	1,000
Accumulated losses	(1,322,079)	(540,905)
Total equity	3,933,671	73,052

6.7 SUBSEQUENT EVENTS

On 21 July 2016, Mr Simon O'Sullivan joined the Company as general manager, with the primary responsibility of further commercialising the Company's SAMS technology.

On 24 August 2016, shareholders approved the following:

- issue of performance shares under the Constitution
- issue of up to 300,000 performance shares to T B Asset, a company controlled by Taj Burrow
- adoption of an Employee Incentive Option Plan

On 24 August 2016, the Company issued 300,000 performance shares to T B Asset.

On 24 August 2016, 125,000 fully paid ordinary shares and 125,000 options were issued pursuant to an agreement with Rabbit Hill Pty Ltd, a company controlled by Taj Burrow.

Other than as disclosed above, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.8 AUDITORS' REMUNERATION

	2016	2015
	\$	\$
HLB Mann Judd Australia:		
<i>Auditors and other assurance services</i>		
Audit and review of financial reports	28,850	-
Investigating Accountant's Report for IPO	10,000	-
TOTAL AUDITORS' REMUNERATION	38,850	-

It is the Group's policy to employ HLB Mann Judd on assignments additional to their statutory audit duties where HLB Mann Judd's expertise and experience with the Group are important. These assignments are principally tax advice, or where HLB Mann Judd is awarded assignments on a competitive basis. It is the group's policy to seek competitive tenders for all major consulting projects.

6.9 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except for the changes below, the Group has consistently applied the accounting policies set out in the notes to the consolidated financial statements to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2015.

- (a) AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments – Part C*
- (b) AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

The changes above did not have a material impact on the Group.

SHARK MITIGATION SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.10 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2016.

Reference	Title	Application date of standard	Application date for the Group
		Periods beginning on or after	
AASB 9	Financial Instruments	1 January 2018	1 July 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)		
AASB 15	Revenue from Contracts with Customers	1 January 2018	1 July 2018
AASB 16	Leases	1 January 2019	1 July 2019
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	1 July 2016
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	1 January 2018	1 July 2018
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	1 July 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	1 July 2017

The impact of these recently issued or amended standards and interpretations have not yet been assessed by management.

DIRECTORS' DECLARATION

- 1 In the opinion of the directors of Shark Mitigation Systems Limited (the "Group"):
 - (a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) as set out in note 1.2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Perth this 23rd day of September 2016.



CRAIG ANDERSON
Managing Director

INDEPENDENT AUDITOR'S REPORT

To the members of Shark Mitigation Systems Limited

Report on the Financial Report

We have audited the accompanying financial report of Shark Mitigation Systems Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1.1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Shark Mitigation Systems Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Shark Mitigation Systems Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink that reads 'N G Neill'.

**N G Neill
Partner**

**Perth, Western Australia
23 September 2016**

STOCK EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 31 August 2016:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 - 1,000	4	1,235	-
1,001 - 5,000	179	587,401	1.06
5,001 - 10,000	132	1,182,486	2.15
10,001 - 100,000	318	12,640,033	22.97
100,001 and over	54	40,628,858	73.82
Total	687	55,040,013	100.00

There were 87 holders of less than a marketable parcel of ordinary shares.

2. Substantial shareholders

The substantial shareholders are set out below:

Shareholders	Number of Shares
Ms Michelle Anne Anderson <The MCA A/C>	11,851,982
Mr Hamish Andrew Jolly <Jolly Family A/C>	11,851,982
Pannard Management Pty Ltd <The PC Lushey No.1 A/C>	4,515,041

3. Voting rights

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and rights

No voting rights.

4. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
02-Feb-16	5,000,000	7	30-Jun-19	25
24-Aug-16	125,000	1	30-Jun-19	25

There are 5,125,000 unlisted options issued to 7 holders

SHARK MITIGATION SYSTEMS LIMITED

STOCK EXCHANGE INFORMATION

5. Unlisted performance rights

There are 29,297,850 performance rights issued to take up ordinary shares:

- 25,981,486 have been issued to 2 directors
- 3,336,364 issued to 3 holders

6. Twenty largest shareholders

Shareholders	Ordinary shares	
	Number held	% of issued shares
Ms Michelle Anne Anderson <The MCA A/C>	11,851,982	21.53
Mr Hamish Andrew Jolly <Jolly Family A/C>	11,851,982	21.53
Pannard Management Pty Ltd <The PC Lushey No.1 A/C>	4,515,041	8.20
Mr Alan Peter Lawson <Lawson Family A/C>	762,831	1.39
Shane Wee <Wee Family A/C>	575,000	1.04
Stockley Davis <Australian Sport and Recreatio>	518,750	0.94
Mrs Judith Suzanne Piggin & Mr Damien Jaye Piggin & Mr Glenn Adam Piggin <Piggin Family S/F>	500,000	0.91
Mr Ross Milner McKay & Ms Christine Stuart Babbage <McKay Super Fund A/C>	465,000	0.84
Mr Kevin Daniel Leary & Mrs Helen Patricia Leary <Kevin & Helen Leary S/F A/C>	450,000	0.82
Beaurama Pty Ltd <Phillips Investment A/C>	435,000	0.79
Green Mountains Investments Ltd	433,355	0.79
Chicago Holdings Pty Ltd	400,000	0.73
Nipuron Pty Ltd <John Norup Family A/C>	375,000	0.68
Mr Christopher Richard Brown	362,500	0.66
Carey Smith	351,419	0.64
Mr Ernest Robert Kennedy & Mrs Annette Marie Kennedy <Kennedy Family S/Fund A/C>	350,000	0.64
ACNS Capital Markets Pty Ltd <ACNS Unit A/C>	326,927	0.59
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	263,925	0.48
Jasgo Pty Ltd	250,000	0.45
Patlah Pty Ltd <PKC Super Fund A/C>	250,000	0.45



SHARK MITIGATION SYSTEMS

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